AZIMUTH
RESOURCES LTD
ABN : 87 089 531 082

CONSOLIDATED FINANCIAL REPORT

for the year ended 30 June 2012

AZIMUTH RESOURCES LTD
ABN : 87 089 531 082

Contents

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Corporate Information

Directors:

Michael Hunt
Non-Executive Chairman

Dominic O'Sullivan
Non-Executive Director

Dean Felton
Non-Executive Director

Richard Monti
Executive Director

Terence Sean Harvey
Non-Executive Director

Company Secretary:

Joshua Ward

Auditors:

HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

Solicitors - Perth:

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Solicitors - Canada:

Blake, Cassels & Graydon LLP
595 Burrard Street
P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver BC V7X 1L3

Registered & Principal Office:

510A Hay Street
SUBIACO WA
Telephone: + 618 9381 2488
Facsimile: + 618 9388 3117

Postal Address:

P.O. Box 2030
SUBIACO WA 6904

Principal Place of Business – Guyana

82 Premniranjan Place
Prashad Nagar
Georgetown, Guyana

Home Stock Exchange (Ticker: AZH):

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Secondary Stock Exchange (Ticker AZH):

Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, ON M5X 1J2

Share Registry - Australia:

Computershare Investor Services Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000
Telephone: +618 9323 2000

Share Registry - Canada:

Computershare Investor Services Inc
3rd Floor, 510 Burrard Street
Vancouver BC V6C 3B9
Telephone: +1 604 661 9400

Directors' Report

Your Directors have pleasure in submitting their report on the Group for the year ended 30 June 2012.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

Michael Hunt	Non-Executive Chairman	(appointed 18 February 2011)
Dominic O'Sullivan	Non-Executive Director	(appointed 19 January 2010)
Dean Felton	Non-Executive Director	(appointed 12 October 2007)
Richard Monti	Executive Director	(appointed 7 November 2008)
Terence Sean Harvey	Non-Executive Director	(appointed 23 April 2012)

Michael Hunt *BA, LLB (Hons)* – Non-Executive Chairman

EXPERIENCE AND EXPERTISE

Michael is a highly experienced and well regarded Perth based lawyer. He was a partner at Parker & Parker (which became Freehills) then Blake Dawson Waldron (which has become Ashurst) until he established Hunt & Humphry in 1996 as a specialist project law firm practising in all aspects of resource development.

Michael has worked in mining and petroleum law in Perth for over 40 years. He has extensive experience consulting for the mineral exploration, mining and petroleum industries to both government and non-government clients, nationally and internationally.

Michael has maintained a role in the mining corporate world by participating for over 30 years as a director of ASX listed junior exploration and mining companies. He was the founding Chairman of Red Back Mining NL (formerly ASX listed) which became Red Back Mining Inc (listed on the Toronto Stock Exchange) of which he remained a Non-Executive Director until November 2010. Over a period of 10 years he helped take Red Back from junior Australian explorer, through gold production in Ghana and Mauritania to a merger with Kinross Gold Corporation to form one of the world's top 5 gold companies. He was Chairman of Geographe Resources Ltd when it participated in the successful Chalice Gold Mine and Chairman of Comdek Ltd (subsequently Resource Generation Ltd) an ASX listed Company with significant coal resources in South Africa.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Mr Hunt currently holds no other Directorships in listed companies.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Chairman – A1 Minerals Ltd (appointed 31 October 2003, resigned 4 November 2011).
Non-Executive Chairman – Clean Global Energy Limited (appointed 14 August 2006, resigned 9 October 2009).

SPECIAL RESPONSIBILITIES

Member of Audit and Risk Management Committee.
Member of Nomination and Remuneration Committee.
Chair of Corporate Governance Committee.

Directors' Report (continued)

Dominic O'Sullivan *BSc (Hons), MAusIMM* – Non-Executive Director

EXPERIENCE AND EXPERTISE

Dominic graduated with honours from the University of Sydney with a Bachelor of Science in geology.

Dominic has over 20 years experience working for various mining and exploration companies in developing countries including Burkina Faso, Ghana, Jamaica and Guyana, 14 years of which were spent in West Africa and the Guiana Shield. He has been the driving force behind the acquisition of Azimuth's portfolio of uranium and gold properties and resides in Georgetown, Guyana.

Dominic also has experience in corporate governance at senior management level, having formerly served as Country Director for TransGlobal Limited in Ghana, and has been significantly involved in several important discoveries including the greater than 6 million ounce Plutonic Deeps gold discovery (the hidden extensions of the Plutonic Gold Mine) and the 200,000 ounce Santrese gold discovery near Konogo, Ghana.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Dominic currently holds no other Directorships in listed companies.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

None.

Dean Felton *BBus, MBA* – Non-Executive Director

EXPERIENCE AND EXPERTISE

Dean holds a Bachelor of Business and a Master of Business Administration.

Dean is a co-founder and Director of Oyster Consulting, Mining Industry Consultants. Prior to this, Dean was managing the Business Analysis function, an in-house advisory team, for Rio Tinto. Recently Dean has worked with emerging mining companies to provide strategic management for the earliest stages of company development and has also managed the due diligence and financial analysis for a multi-national business exploring investment opportunities in Australian resources companies.

Dean serves on the Company's Audit and Risk Management Committee, Nomination and Remuneration Committee, and Corporate Governance Committee.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Mr Felton currently holds no other Directorships in listed companies.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Director, Excalibur Mining Corporation Limited (appointed 30 June 2008, resigned 30 November 2010).

SPECIAL RESPONSIBILITIES

Chair of Audit and Risk Management Committee.
Chair of Nomination and Remuneration Committee.
Member of Corporate Governance Committee.

Directors' Report (continued)

Richard Monti *BSc (Hons), Grad Dip Applied Finance and Investment, MAusIMM* - Executive Director

EXPERIENCE AND EXPERTISE

Richard has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia).

He has gained broad experience over a twenty five year career working in the technical, marketing and financial fields of the international exploration and mining industry.

Richard has worked for a number of international and Australian companies including Anaconda Nickel, RTZ Exploration, the North Group and the Normandy Group. During a seven year term at Anaconda Nickel he held General Manager positions in technical, commercial and marketing fields. He has also held positions on the boards of a number of ASX listed and private mining companies. Mr Monti was a founding Director of corporate advisory firm Ventnor Capital Pty Ltd, resigning in June 2010.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non Executive Director, Potash Minerals Limited (appointed 15 December 2006)
Non-Executive Director, Poseidon Nickel Limited (appointed 4 April 2007)
Non-Executive Director, Jaguar Minerals Limited (appointed 15 October 2009)
Non-Executive Director, Triton Gold Limited (appointed 16 August 2011)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Executive Director, Bathurst Resources Limited (appointed 30 May 2007, resigned 4 September 2009)
Non-Executive Director, White Star Resources Limited (appointed 18 January 2007, resigned 1 September 2011)

SPECIAL RESPONSIBILITIES

Member of Corporate Governance Committee.

Terence Sean Harvey *B.A (Hons), M.A, LLB, MBA* – Non-Executive Director (appointed 23 April 2012)

EXPERIENCE AND EXPERTISE

Sean has over 20 years mining industry experience. Sean worked for over 10 years in Investment Banking in North America for Nesbitt Burns (now BMO) and Deutsche Bank, primarily focused on the basic industry (mining) sector. For the last dozen years Sean has held senior executive and board positions with various mining companies, accumulating a wealth of South American experience.

From 2001 through 2006 Sean was President and CEO of TVX Gold (Chile/Brazil) at the time of its sale to Kinross Gold, Atlántico Gold (Brazil) that was sold to Goldcorp Inc. and Orvana Minerals Corp. which operated in Bolivia.

Sean also currently sits on the board of directors of several other mining companies including Perseus Mining Limited, Allied Gold Mining Plc. and is a non-executive Chairman and co-founder of Andina Minerals Inc and Sarama Resources Ltd.

Sean has an Honours B.A in economics and geography and an M.A in economics, both from Carleton University. He also has an LLB from the University of Western Ontario and an MBA from the University of Toronto. Sean is a member of the Law Society of Upper Canada.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non Executive Director, Andina Minerals Inc (appointed 29 December 2004)
Non-Executive Director, Victoria Gold Corporation (appointed 31 July 2007)
Non-Executive Director, Serabi Mining plc (appointed 30 March 2011)
Non Executive Director, Perseus Mining Limited (appointed 2 September 2009)
Non Executive Director, Sarama Resources Ltd (appointed 8 April 2010)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non Executive Director, Moto Goldmines Limited (appointed 26 May 2005, resigned 15 October 2009)
Non Executive Director, Allied Gold Mining Plc (appointed 11 March 2010, resigned 7 September 2012)

Directors' Report (continued)

Non Executive Director, Australian Solomons Gold Limited (appointed 6 October 2006, resigned 24 November 2009)
Non Executive Director, Nord Resources Corp (appointed 21 December 2007, resigned 17 June 2010)

SPECIAL RESPONSIBILITIES
Member of Audit and Risk Management Committee.
Member of Nomination and Remuneration Committee.

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

COMPANY SECRETARY

Joshua Ward *BCom, CA, Grad Dip Applied Finance and Investment* - appointed 19 January 2010

Mr Ward is a qualified Chartered Accountant with ten years experience in various accounting and corporate advisory roles in Australia, the UK and USA. Mr Ward has experience with the Australian and international resources sectors, and has been involved in a number of ASX junior transactions, IPOs and corporate reconstructions. Mr Ward has a strong commercial and financial reporting background.

PRINCIPAL ACTIVITIES

Azimuth's principal activities are the exploration of gold and uranium in Guyana.

FINANCIAL RESULTS

The net loss of the Group for the year ended 30 June 2012 amounted to $3,192,941 (2011: $3,388,858).

Summary of Financial Information	Financial Year Ended				
	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Net loss after tax	(3,192,941)	(3,388,858)	(2,468,835)	(3,651,256)	(1,519,370)
Net Increase/(Decrease) in Cash held	129,143	4,164,814	3,349,932	(1,051,564)	(1,545,687)
Total assets	57,979,363	36,187,330	27,207,683	1,607,942	4,948,892
Shareholders' equity	50,490,914	29,751,287	21,122,008	1,550,383	4,740,864

DIVIDENDS

There were no dividends paid or declared during the year.

Directors' Report (continued)

OPERATIONS REVIEW

Guyana Projects

During the 2012 financial year Azimuth continued to explore its package of highly prospective gold and uranium properties in Guyana, South America, and continued to improve its exploration footprint in one of the world's least explored major gold belts.

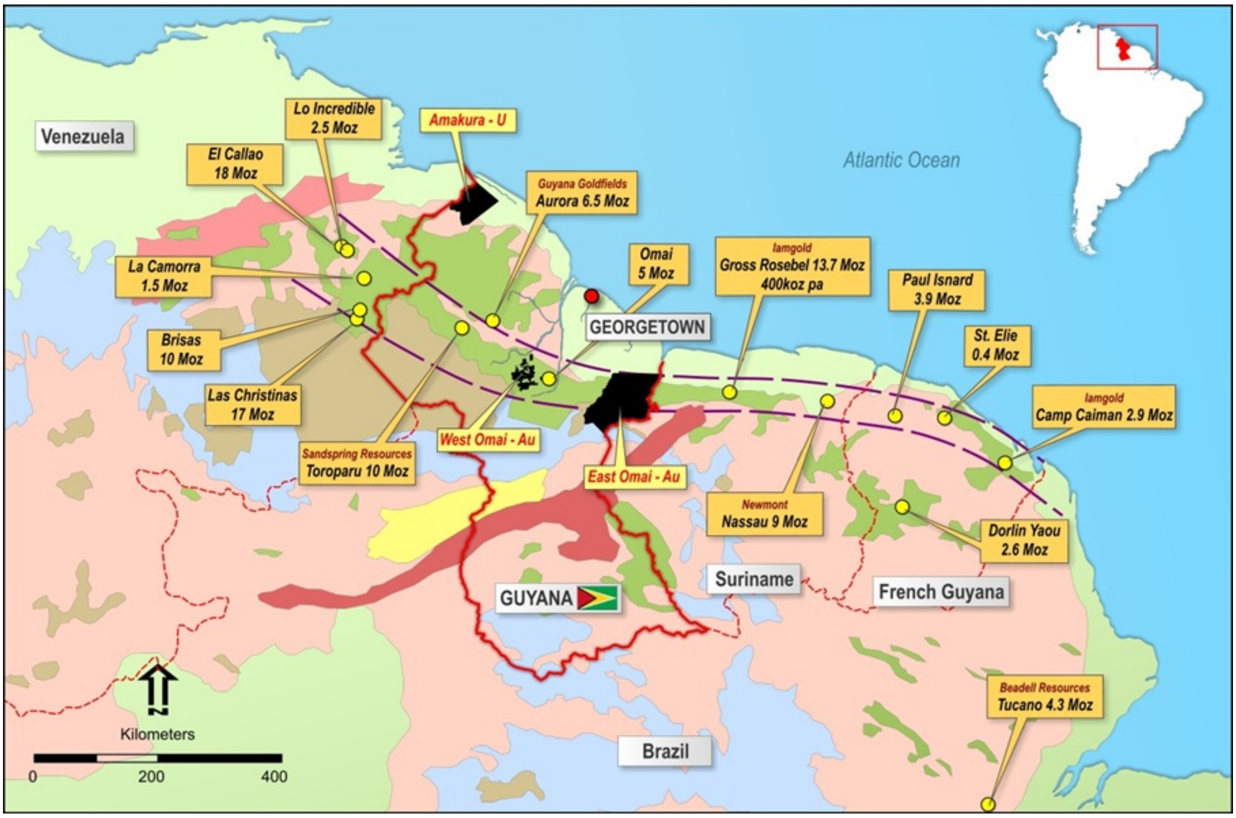

Figure 1: Showing the Guiana Shield, and the location of Azimuth Projects.

The present known endowment of the Guiana Shield is >100Moz and the Shield hosts numerous "World Class" (>3 million ounce) gold deposits. Almost all of the known gold deposits lie within a portion of the Shield that lies within 200km of the coast in a belt of greenstones with a strike length of approximately 1,200km. The projects acquired by Azimuth give it control of approximately 10% of this prime geological address.

Azimuth has three projects in Guyana: the West Omai Gold Project, the East Omai Gold Project and the Amakura Uranium Project (Figure 1).

The West Omai Gold Project

The West Omai Gold Project is an approximately 1,100 km^2 advanced exploration project covering a 50km strike portion of the same structural stratigraphic corridor (the Omai- Hicks-Kaburi Corridor) which hosts the Omai gold mine (3.7Moz produced), located 15km to the SE of the project.

The overall Inferred Mineral Resource estimate at West Omai, comprising both the Smarts and Hicks deposits is **12.4Mt @ 3.1g/t Au for total contained ounces of 1.22M ounces**.

Directors' Report (continued)

OPERATIONS REVIEW (continued)

Deposit	Category	Tonnes (millions)	Grade (g/t Au)	Metal (million ozs Au)
Hicks	Inferred	7.4	2.0	0.47
Smarts	Inferred	5.0	4.6	0.75
Total	**Inferred**	**12.4**	**3.1**	**1.22**

Table 1: Mineral Resources – West Omai Projects, Guyana – minimum 0.5g/t Au cut-off grade.

The present focus of exploration at West Omai is depth and strike extensions of the Hicks and Smarts resources, and systematic targeted regional exploration within the Omai-Hicks-Kaburi corridor, and Aurora-Gem Creek corridor.

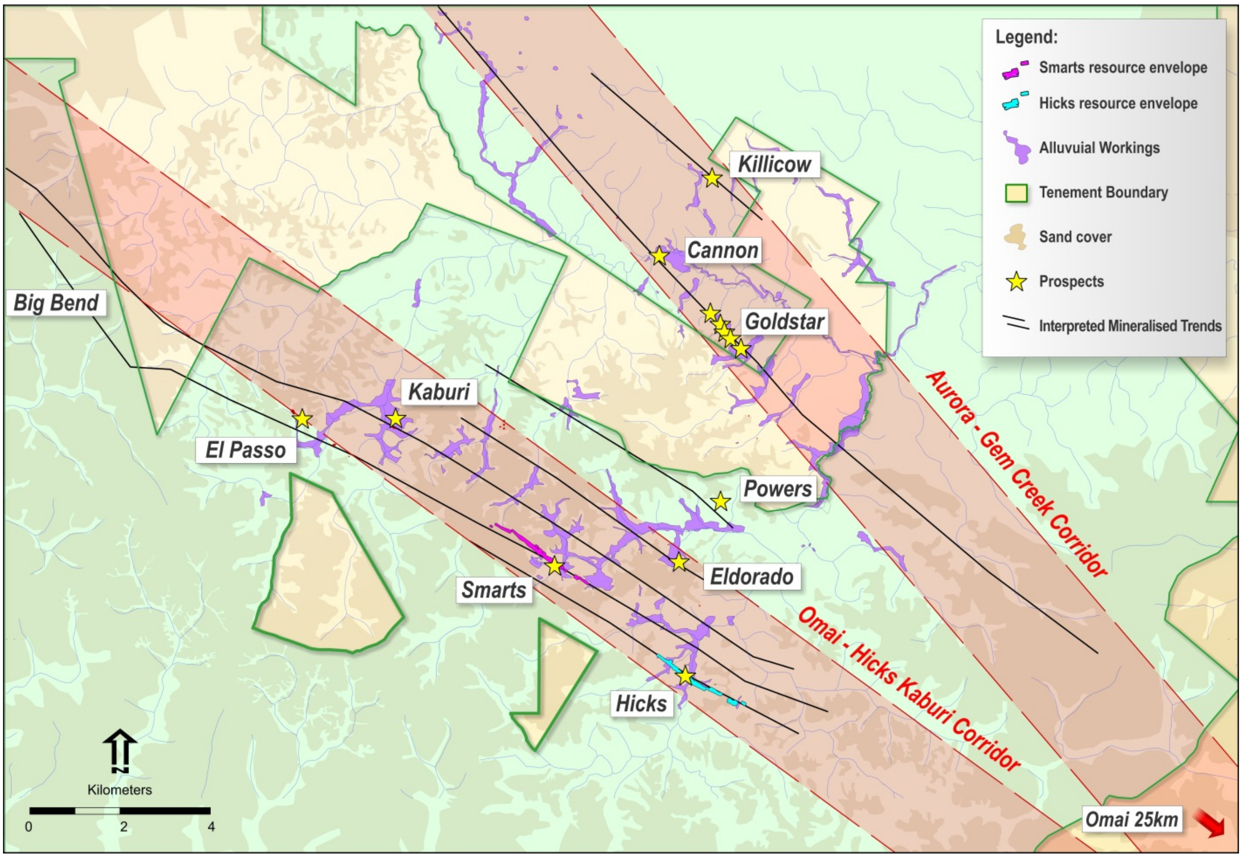

Figure 1: Showing the West Omai Project tenements (green) against regional White Sand cover.

The Hicks Deposit: A shallow JORC Code and NI 43-101 compliant inferred resource of 7.4Mt at 2.0g/t Au for 472,000 ounces gold.

In May 2012, Azimuth announced the maiden inferred gold resources for the Hicks Deposit. The resource took into account drilling completed to mid-April 2012, over approximately 2,200m of strike and to a maximum depth of approximately 200m below surface. The resource is comprised of 26 wireframed mineralised bodies within the shear zone each representing a discrete lode (see Figure 2 below). Two thirds of the resource ounces are included in two of these lodes.

The Company is currently scout drilling along strike to the northwest and southeast of the Hicks deposit where, over the coming months, it intends to scout drill several kilometres of the strike of the structures which host the Hicks resource looking to extend the known deposit. In addition, there are plans to drill beneath the current wireframes in order to extend the orebodies deeper.

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Directors' Report (continued)

OPERATIONS REVIEW (continued)

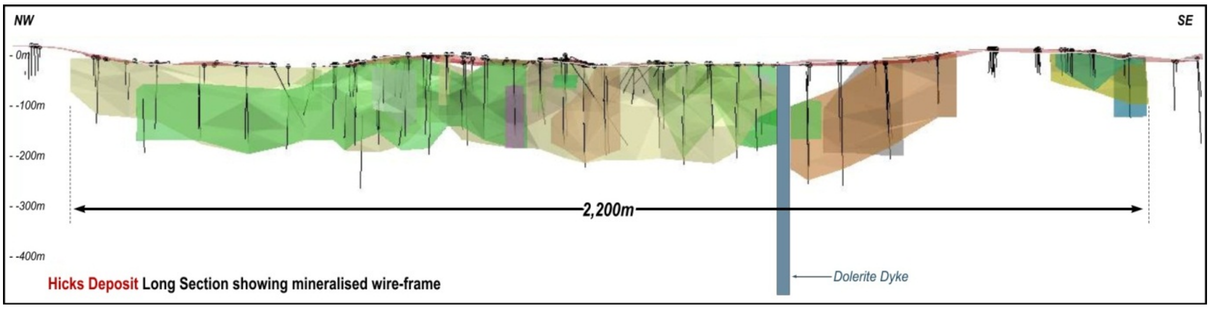

Figure 2: Long Section View of Hicks Resource Wireframes

The Smarts Prospect: A shallow, high grade JORC Code and NI 43-101 compliant inferred resource of 5.0Mt at 4.6g/t Au for 748,000 ounces gold.

A first pass 3,500 metre reverse circulation drill program designed to test the Smarts Pit and associated geochemical anomalies commenced on 26 February 2011. Early in the drill program visible gold was observed in SRC009 which had drilled under the southern end of the Smarts pit.

In late March 2011, the first assays were received which revealed a robust intersection in SRC009 of 29 metres @ 14.3 g/t Au from 26 metres down hole, with the hole ending in mineralisation. Follow up drilling in April 2011 continued to yield high grade shallow intercepts and the Group decided to expand the Smarts drilling program.

By the end of June 2011, scout drilling had delineated visual mineralisation over a strike length of 4 kilometres, which remains open at depth and at both ends. The visual mineralisation is recognised as quartz veins with either associated pyrite or the weathering products of pyrite hosted in strongly sheared chlorite + carbonate +/- sericite altered mafic volcanics.

Within 15 months from the initial drill program, in May 2012, Azimuth announced the maiden inferred gold resources for the Smarts Deposit. The resource took into account drilling completed to mid-April 2012, over approximately 2,700m of strike and to a maximum depth of approximately 200m below surface. The resource is comprised of 22 wireframed mineralised bodies within the shear zone each representing a discrete lode (see Figure 3). The vast majority (83%) of the resource ounces are included in three of these lodes which encompass a near continuous strike of 1,700 m.

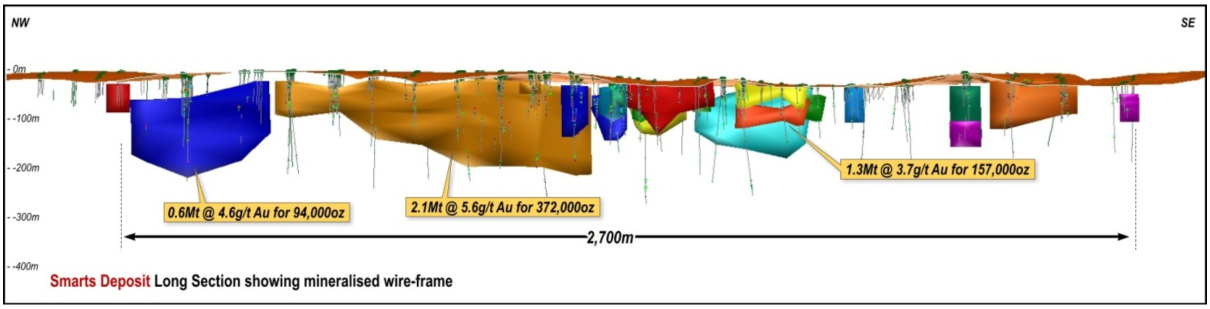

Figure 3: Long Section View of Smarts Resource Wireframes.

The Smarts resource remains open at depth. A contoured long section (Figure 4) showing grade times thickness of drill hole intercepts from both within and outside the interpreted resource wireframes suggests that higher grade zones within the Smarts deposit have possibly a north westerly plunge and remain untested below the interpreted wireframes. The Company is presently drilling to test depth potential, much of which it believes to continue to be able to be developed in an open pit operation.

Figure 4 also illustrates that the higher grade zones and shoots within Smarts are imbedded within lower grade mineralisation (1-10 gram x metres) hosted by the structure which hosts the Smarts resource. This low grade mineralisation remains open along strike in both directions and remains to be drill tested. Potential therefore exists for the discovery of further higher grade zones and shoots along strike from the Smarts resource. The Company is currently scout drilling along strike to the northwest of the Smarts deposit

Directors' Report (continued)

OPERATIONS REVIEW (continued)

where, over the coming months, it intends to scout drill at least 5 kilometres of the strike of the structures which host the Smarts resource looking to either extend the known deposit or confirm a new one.

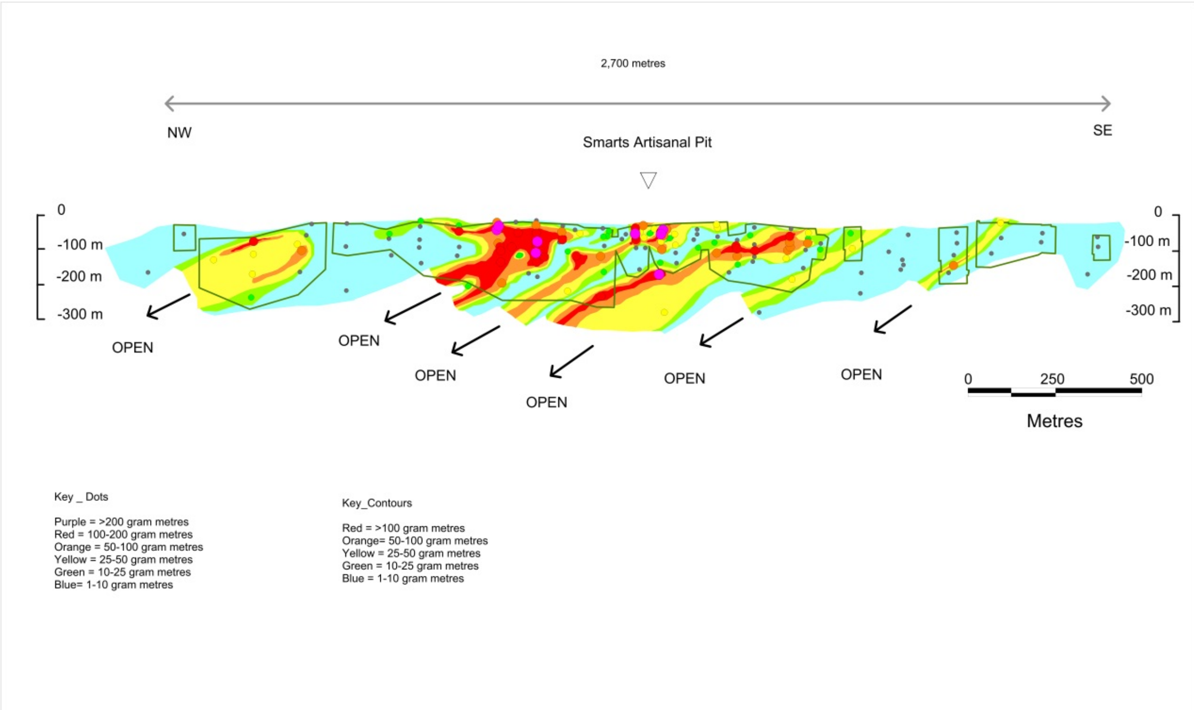

Figure 4: Azimuth interpreted long section of the Smarts deposit, with mineralised intercepts (dots) categorised and contoured by grade x thickness (gram/tonne x metres) and also showing outlines of Runge's wireframes. Note open down plunge potential of higher grade shoots within an envelope of low grade mineralisation (1-10 gram/tonne x metres) which remains open along strike in both directions.

The Group is extremely pleased with the Smarts maiden resource, which was only the second prospect that the Group drill tested within the 8,786 km^2 of gold tenements that it holds in Guyana.

The Kaburi Prospect: A 400m diameter shallow open pit working which is the single largest artisanal bedrock working in Guyana, having been mined intermittently since 1912 and yet remains substantially untested by modern methods. Kaburi is the also the largest bedrock gold opening in Guyana after the Omai gold mine.

In March 2012, the Group announced results from its first pass, 12 hole drilling program at Kaburi. Drilling intersected a small granitoid intrusive which contained significant mineralisation along its margins. The granitoid intrusive also exhibited pervasive low grade mineralisation throughout (KRC011- 135m @ 0.35g/t Au and KDD001 - 111m @ 0.32g/t Au). The best result from the first pass 12 hole program was from KRC009, being 9m @ 9.2g/t Au. The zone intersected in KRC009 remains open to the southeast and can be inferred to strike through an area of extensive past artisanal mining and will be the target of follow up drilling in the coming quarters.

Directors' Report (continued)

OPERATIONS REVIEW (continued)

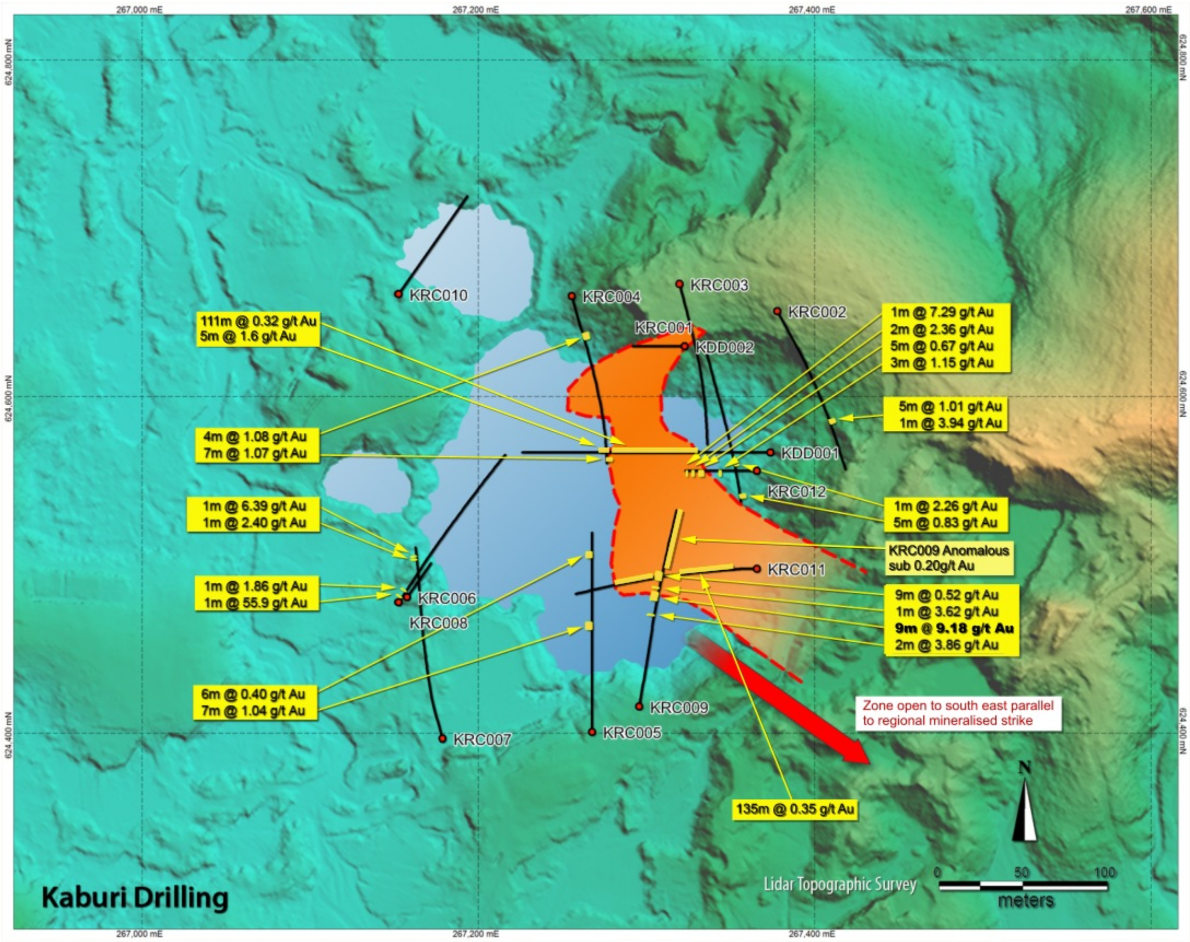

Figure 5: Plan of showing the results of first pass drilling at the Kaburi Propsect. Background is a 1m resolution DTM created from the Company's Lidar survey showing the 200m diameter water filled pit which was the target of recent drilling in blue. The granitoid intrusive is shown as orange. The inferred strike of the southern contact of the granitoid intrusive where the best mineralisation was intersected in SRC009 is show as the red arrow. Note this is inferred to extend for several hundred meters to the southeast through an area of backfilled artisanal workings.

Regional Exploration and Acquisition of further properties – West Omai Project

During the year, the Group acquired additional tenements within the West Omai Project area. These tenements fill in gaps in the Group's coverage of the Omai-Hicks-Kaburi Corridor and extend the West Omai project to the northwest along the Aurora Gem Creek Corridor and the Omai-Hicks-Kaburi Corridor.

The Group now controls all of the strike extent of prospective structures between the Hicks and Kaburi prospect, and additional tenements to the north west which are prospective for gold mineralisation and will form drill targets in the near future.

As announced in May 2011, the Group contracted Firefly Aviation Limited to fly a high resolution magnetic and radiometric survey covering all of the Group's West and East Omai gold projects. GeoSistemas AeroCartograficas S.A. C.V. ("Geosisa") was commissioned to fly a Light Detection and Ranging ("LiDAR") survey over the central 500km^2 of the West Omai project. This survey is used to accurately locate outcrops and historic workings, and will be used as an aid to future mine planning and design.

These campaigns have been completed in this reporting period after some initial delays with the contractors, and the data is currently being processed to best utilise as an interpretive and targeting tool. Preliminary images are encouraging in both our understanding of known structures and identification of new ones.

OPERATIONS REVIEW (continued)

East Omai Gold Project

The East Omai Gold Project is a 7,636km^2 green fields exploration project, comprising a largely covered 110km strike of the main Guiana Shield gold belt, with potential to host not only several major gold deposits but entire mining camps (Figure 6).

Azimuth has flown an airborne magnetic and radiometric survey over the entirety of the East Omai Project in Q4 2011. The results of the magnetic and radiometric survey will be used to focus scout drilling on potentially gold bearing structures.

Plans are in place for an initial ground expedition in Q3 2012, to refine access and logistical knowledge, as well as refine and confirm targets defined by the geophysics. Targets will be followed up by a drilling program in Q4 2012.

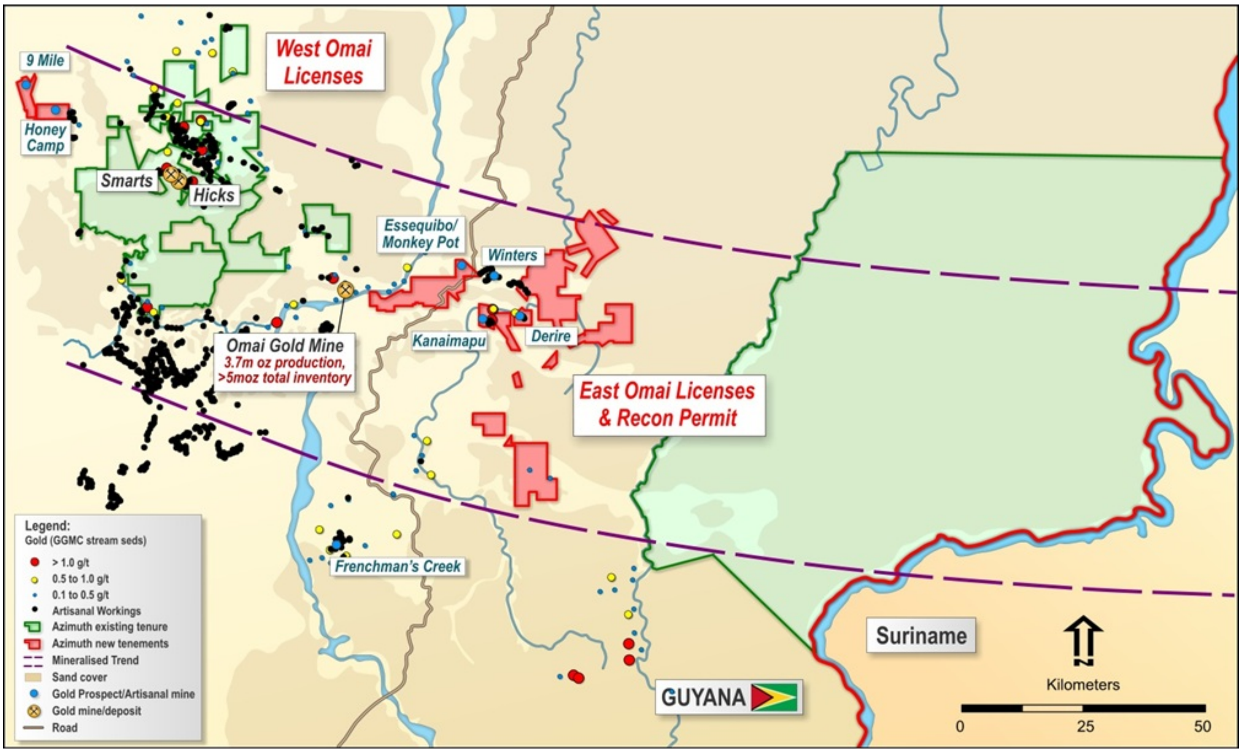

Figure 6: Showing the East Omai project in relation to the West Omai Gold project. Sand cover is shown in tan.

Amakura Uranium Project

The Amakura Uranium project is a 4,000km^2 permit located in the northwest of Guyana, which exhibits several large high intensity airborne radiometric anomalies associated with broad regions of surface uranium anomalism. It is prospective for granite hosted and sodic metasomatic uranium deposits.

Field reconnaissance and logistics work were conducted earlier in the year and field programs including ground radiometric surveys, augering and trenching were completed in the latter stages of the reporting period.

Given the current financial situation, the Group has taken the decision to wind back activities at the project for the time being, preserving cash for its West and East Omai projects.

Directors' Report (continued)

Australian Projects

Mardie Iron Ore Project
The Mardie Iron Ore project was sold to Iron Ore Holdings Limited during the period for $225,000.

Pandanus West Joint Venture
Southern Uranium Ltd (ASX: SNU) further increased its interest in the Pandanus West project during the period, with Azimuth diluting its equity in the Project to 14.0%. Subsequent to balance date, the Company divested its interest in the Pandanus JV for $20,000 and a 1% net smelter return royalty.

Competent Person's Statement

The information in this report that relates to exploration results is based on information compiled by Mr. Richard Monti who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Monti is a Director of Azimuth Resources Limited. Mr. Monti has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and a qualified person as defined in National Instrument 43-101. Mr. Monti consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mineral resources or ore reserves is based on information compiled by Mr. Aaron Green who is a member of the Australian Institute of Geoscientists (MAIG). Mr. Green is a full time employee of Runge (Australia) Limited. Mr. Green has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and a qualified person as defined in National Instrument 43-101. Mr. Green consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. For a description of the data verification process, quality assurance and quality control measures, the effective date of the mineral resource estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources set out in this report and the extent to which the estimate of mineral resources set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, readers are directed to the technical report entitled "Technical Report, West Omai Gold Project, Guyana" dated May 30, 2012.

Corporate

Placement, November 2011
In October 2011, the Group announced plans for a $19.4m capital raising to institutional clients of Blackswan Equities. The placement closed on 10 November 2011.

TSX Dual Listing
In May 2012, the Group listed on the Toronto Stock Exchange. This compliance listing will allow the Company to access the North American capital markets, where the directors anticipate establishing a corporate headquarters and marketing the Group to create some liquidity.

Appointment of additional key Directors and Officers
On 24 October 2011, the Company appointed Paul Criddle as Chief Operating Officer. Paul is an experienced metallurgist and development manager with 13 years of operational, development and corporate experience in Australia and Africa.

Most recently, Paul was Technical Services Group Manager and Acting COO for Perseus Mining Limited and played an integral role in the development of the Edikan Gold Mine in Ghana and the Tengrela Gold Project in Cote d'Ivoire. At these projects, Paul managed preliminary studies, plant design, project implementation and operational ramp-up.

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Directors' Report (continued)

Corporate (continued)

Prior to his position with Perseus Limited, Paul was jointly responsible for the design, development and operational implementation and ramp up stages of the Sabodala Gold Project in Senegal for Australian based and TSX listed Company, Mineral Deposits.

In the earlier stages of his career, Paul has occupied key operational roles in gold operations in Western Australia, Papua New Guinea and Tanzania performing metallurgical, process management and project development functions for both Placer Dome and Barrick Gold Corporations.

On 23 April 2012 the Company appointed Sean Harvey as non-executive Director. Sean has over 20 years mining industry experience. Sean worked for over 10 years in Investment Banking in North America for Nesbitt Burns (now BMO) and Deutsche Bank, primarily focused on the basic industry (mining) sector. For the last dozen years Sean has held senior executive and board positions with various mining companies, accumulating a wealth of South American experience.

From 2001 through 2006 Sean was President and CEO of TVX Gold (Chile/Brazil) at the time of its sale to Kinross Gold, Atlántico Gold (Brazil) that was sold to Goldcorp Inc. and Orvana Minerals Corp. which operated in Bolivia.

Sean also currently sits on the board of directors of several other mining companies including Perseus Mining Limited and is a non-executive Chairman and co-founder of Andina Minerals Inc and Sarama Resources Ltd.

Sean has an Honours B.A in economics and geography and an M.A in economics, both from Carleton University. He also has an LLB from the University of Western Ontario and an MBA from the University of Toronto. Sean is a member of the Law Society of Upper Canada.

Sean also joined Azimuth's Audit and Risk Management, and Nomination and Remuneration sub-committees.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 July 2012 Mr Dominic O'Sullivan resigned as an executive director, however he will in a non-executive capacity, and provide services on a consultancy basis.

On 10 August 2012, 17,142,857 shares at $0.35 per share were issued to sophisticated and institutional investors, raising $6,000,000 before costs.

On 21 August 2012, a total of 250,000 unlisted options were exercised at 10 cents each, providing funding of $25,000 to the Group.

On 18 September 2012, the Company announced the acquisition of 576km^2 at the Company' East and West Omai projects, for staged cash and share payments to various vendors.

Other than the above, no matters or circumstances have 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 subsequent financial years.

Directors' Report (continued)

ENVIRONMENTAL REGULATIONS

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

Azimuth's operations are subject to various environmental regulations under the Federal and State Laws of Australia and Guyana. The majority of the Group's activities involve low level disturbance associated with exploration drilling programs. Approvals, licences and hearings and other regulatory requirements are performed as required by the management of Azimuth for each permit or lease in which the Group has an interest. There have been no known material breaches of environmental laws or permit conditions by the Group while conducting operations in either Australia or Guyana during the period.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $24,052 (2011: $7,937) to insure the Directors and Secretary of the Company.

The liabilities insured are 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 the Company, 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 Group.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares and unlisted options of the Company were:

	Shares		Unlisted Options	
	2012	2011	2012	2011
Michael Hunt	732,631	677,631	3,000,000	3,000,000
Dominic O'Sullivan	28,286,008	23,468,428	-	7,817,580
Dean Felton	167,262	167,262	333,334	333,334
Richard Monti	9,043,651	6,543,651	-	2,500,000
T. Sean Harvey	-	-	-	-
	38,229,552	**30,856,972**	**3,333,334**	**13,650,914**

MEETINGS OF DIRECTORS

During the financial year, 10 meetings of Directors were held with the following attendances:

Directors	Meetings Held	Meetings Attended
Michael Hunt	10	10
Dominic O'Sullivan	10	10
Dean Felton	10	10
Richard Monti	10	10
T. Sean Harvey (appointed 23/4/12)	2	2

Directors' Report (continued)

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group.

The Remuneration Report is set out under the following main headings:

A. Remuneration Policy
B. Details of Remuneration (audited)
C. Service Agreements (audited)
D. Share-based Compensation (audited)
E. Additional Information

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been audited.

Directors and other key management personnel disclosed in this report:

Name	Position
Executive and Non Executive Directors – see pages 3 to 6 above.	
Other key management personnel:	
P Criddle	Chief Operating Officer
J Ward	Financial Controller/Company Secretary

A. Remuneration Policy

Role of the Nomination and Remuneration Committee
The Nomination and Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- remuneration packages and policies applicable to directors, senior executives and employees;
- the appointment and evaluation of Board candidates; and
- policies in relation to performance evaluation of the Board.

Its objective is to ensure that remuneration policies are fair and competitive, are aligned with the long term interests of the Company, and to establish and monitor measurable objectives for diversity. In doing this, the Nomination and Remuneration Committee seeks advice from independent remuneration consultants. The Board's policy for determining the nature and amount of remuneration of Directors is as follows:

Non-Executive Director Remuneration Policy

The Group's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board, in consultation with the Nomination and Remuneration Committee and independent advisors, determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties and accountability. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Directors' fees
The current base fees were last reviewed with effect from 1 April 2011. The Chair's remuneration is inclusive of committee fees while other non-executive directors who chair, or are a member of a committee receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $300,000 per annum and was approved by shareholders at the annual general meeting on 22 November 2011.

Directors' Report (continued)

REMUNERATION REPORT (continued)

The following per annum fees are in effect from 1 April 2011:

Base fees	
Chair	$70,000
Non-executive directors	$35,000
Additional fees	
Committee Chair	$12,000
Committee Member	$10,000

Directors' Retirement Benefits
No retirement benefits are paid to non-executive directors other than the statutory superannuation contributions required under the Australian superannuation guarantee legislation, which are paid in addition to the above fees.

Executive remuneration policy

The remuneration policy has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Azimuth Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Group, as well as create goal congruence between Directors and shareholders.

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior staff members was approved by the board after seeking professional advice from independent external consultants.

Fixed salary package

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian and international executive reward practices.

All Executives receive a base salary (which is based on factors such as length of service and experience), and superannuation. The proportion of an executive's total foxed salary package that is paid as superannuation is at the executive's discretion, subject to compliance with relevant superannuation guarantee legislation.

Variable remuneration

The Group is an exploration entity, and is therefore speculative in terms of performance. In order to attract and retain talented Executives and Directors are paid market rates associated with individuals in similar positions, within the same industry. Board members and Executives have interests in the securities of the Company which assist in aligning their objectives with overall shareholder value.

Options have been issued to Board members and key employees and consultants to provide a mechanism to participate in the future development of the Group and an incentive for their future involvement with and commitment to the Group.

Options and performance incentives may be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing Board performance.

The Executive Directors and Executives receive a superannuation guarantee contribution where required by the government, which is currently 9% and do not receive any other retirement benefits.

Directors' Report (continued)

REMUNERATION REPORT (continued)

All remuneration paid to Directors is valued at the cost to the Group 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. Options are valued using the Black Scholes methodology, where required by accounting standards.

A performance evaluation for all directors is undertaken annually. The results of this review are taken into account when considering remuneration decisions.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and key management personnel. Currently, this is facilitated through the issue of shares and options to key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

B. Details of remuneration

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Azimuth Resources Ltd are set out in the following table.

Key Management Personnel of Azimuth Resources Limited

2012	Short Term Benefits		Post Employment Benefits		Share Based Payments		
Director/Key Management Personnel	**Salary and Fees $**	**Other* $**	**Super-annuation $**	**Other $**	**Options $**	**Total $**	**Performance based remuneration %**
Non-Executive Directors							
M. Hunt	88,833	-	7,995	-	-	96,828	-
D. Felton	54,500	-	-	-	-	54,500	-
T.S. Harvey[1]	10,222	-	-	-	-	10,222	-
Executive Directors							
D. O'Sullivan	260,000	11,852	-	-	-	271,852	-
R. Monti	253,499	-	3,375	-	-	256,874	-
Senior Executives							
P. Criddle[2]	206,807	8,479	13,708	-	721,050	950,044	75.9%
J. Ward[3]	72,692	-	6,542	-	85,005	164,239	51.8%
Directors/KMP Total	**946,553**	**20,331**	**31,620**	**-**	**806,055**	**1,804,559**	

* Other short term benefits consist of payments and allowances for housing, accommodation, utilities, and travel.

Directors' Report (continued)

REMUNERATION REPORT (continued)

2011	Short Term Benefits		Post Employment Benefits		Share Based Payments		
Director/Key Management Personnel	**Salary and Fees $**	**Other $**	**Super-annuation $**	**Other $**	**Options $**	**Total $**	**Performance based remuneration %**
Non-Executive Directors							
B. Larson[4]	44,602	-	4,014	-	-	48,616	-
M. Hunt[5]	25,218	-	2,270	-	430,200	457,688	94.0%
D. Felton	35,000	-	-	-	-	35,000	-
Executive Directors							
D. O'Sullivan	239,967	-	-	-	-	239,967	-
R. Monti	173,548	-	3,150	-	-	176,698	-
Directors/KMP Total	**518,335**	-	**9,434**	-	**430,200**	**957,969**	

(1) Appointed on 23 April 2012.
(2) Appointed on 24 October 2011.
(3) Appointed on 9 January 2012.
(4) Resigned on 18 February 2011.
(5) Appointed on 18 February 2011.

C. Service agreements

Upon appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in executive service agreements. Major provisions of the agreements existing at balance date relating to remuneration are set out below:

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Directors' Report (continued)

REMUNERATION REPORT (continued)

Name and job title	Employing Company	Contracting Company (where applicable)	Contract Duration	Notice Period	Fixed Remuneration (including base Salary and Superannuation as applicable)	Variable Remuneration	Termination Provision
Richard Monti *Executive Director*	Azimuth Resources Limited	Greatcity Corporation Pty Ltd	No fixed term, reviewed annually	1 month	$288,000	Not applicable	None.
Dominic O'Sullivan *Executive Director(i)*	Azimuth Resources Limited	Javelin Minerals Inc	No fixed term, reviewed annually	3 months	$225,000	At board discretion	None.
Paul Criddle *Chief Operating Officer*	Azimuth Resources Limited	N/A	2 years, reviewed annually	3 months	$327,000	At board discretion	None.
Joshua Ward *Financial Controller/ Company Secretary*	Azimuth Resources Limited	N/A	No fixed term, reviewed annually	3 months	$163,500	At board discretion	None.

(i) Mr O'Sullivan was employed as Managing Director until March 2012, following which he became President and Executive Director. On 1 July 2012, Mr O'Sullivan resigned as Executive Director, and remains as a non-executive director.

D. Share-based compensation

Employee and Consultant's Option Plan (**ECOP**)
The Company operates an ownership-based scheme for employees and consultants of the Group. In accordance with the provisions of the plan, approved by shareholders at a general meeting held in July 2010, employees and consultants who are considered critical to the Company's operations and management may be granted unlisted options to purchase shares in the Company, on terms set at the discretion of the Board, in consultation with the Nomination and Remuneration Committee.

Each option converts into one ordinary share of Azimuth Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is determined by the Nomination and Remuneration Committee, and subsequently approved by the Board. The assessment of the employees and consultants takes into account the key milestones achieved by the Company during the period and each employee or consultant's contribution towards those milestones.

The options expire approximately three years from the date of issue, or three months from the resignation of the employee or consultant, whichever is the earlier. The Board may utilise its discretion to allow resigning employees or consultants additional time in which the option may be exercised, within the original term of the option.

Directors are not included in the ECOP, as the Company obtains shareholder approval for all director share based payments at general meetings.

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Directors' Report (continued)

REMUNERATION REPORT (continued)

The following share based remuneration payments to Directors and other key management personnel (as defined in AASB 124 *Related Party Disclosures)* of the Company were made in the current period:

2012		Grant of Options under ECOP							
Granted		Terms & Conditions for each Grant						Vested	
Key Management Personnel	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
P. Criddle	1,500,000	24/10/11	$0.254	$0.70	30/09/14	24/10/11	30/09/14	1,500,000	100%
	1,500,000	24/10/11	$0.226	$0.90	30/09/14	24/10/11	30/09/14	1,500,000	100%
J. Ward	150,000	17/01/12	$0.307	$0.70	17/01/15	17/01/12	17/01/05	150,000	100%
	150,000	17/01/12	$0.266	$0.90	17/01/15	17/01/12	17/01/05	150,000	100%

There were no grants of options to Key Management Personnel under the ECOP in 2011.

There were no grants of options to Directors in 2012.

2011		Grant of Options							
Granted		Terms & Conditions for each Grant						Vested	
Director	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
M. Hunt	3,000,000	18/05/11	$0.1434	$0.371	30/04/14	18/05/11	30/04/14	3,000,000	100%

As the above options were the only form of performance based remuneration paid during the year, the percentage of compensation for the year consisting of options is the same as the percentage of performance based remuneration disclosed in section B of the remuneration report.

The value of options issued to Key Management Personnel during the year is disclosed in section B of the remuneration report.

No options issued as part of Directors' remuneration have expired without being exercised or lapsed since the start of the reporting period and as at the date of this report.

E. Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance.

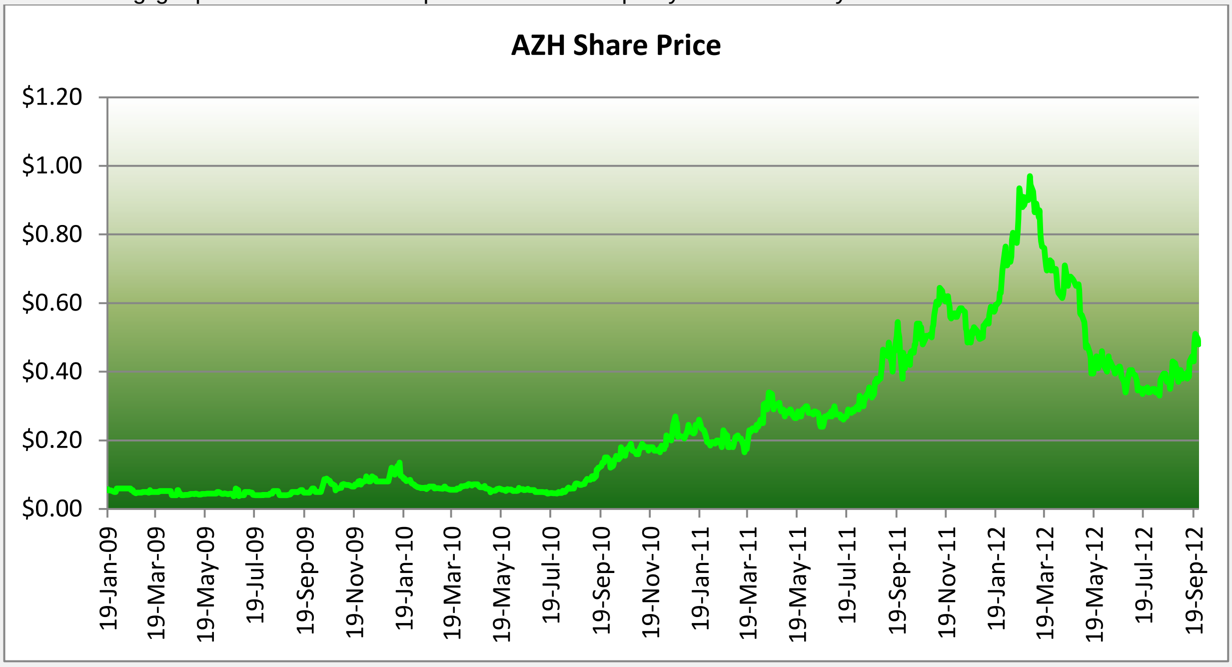
The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year.

The Company issues options to Directors and Executives in order to provide incentives to deliver shareholder returns, being the primary performance indicator for the Company.

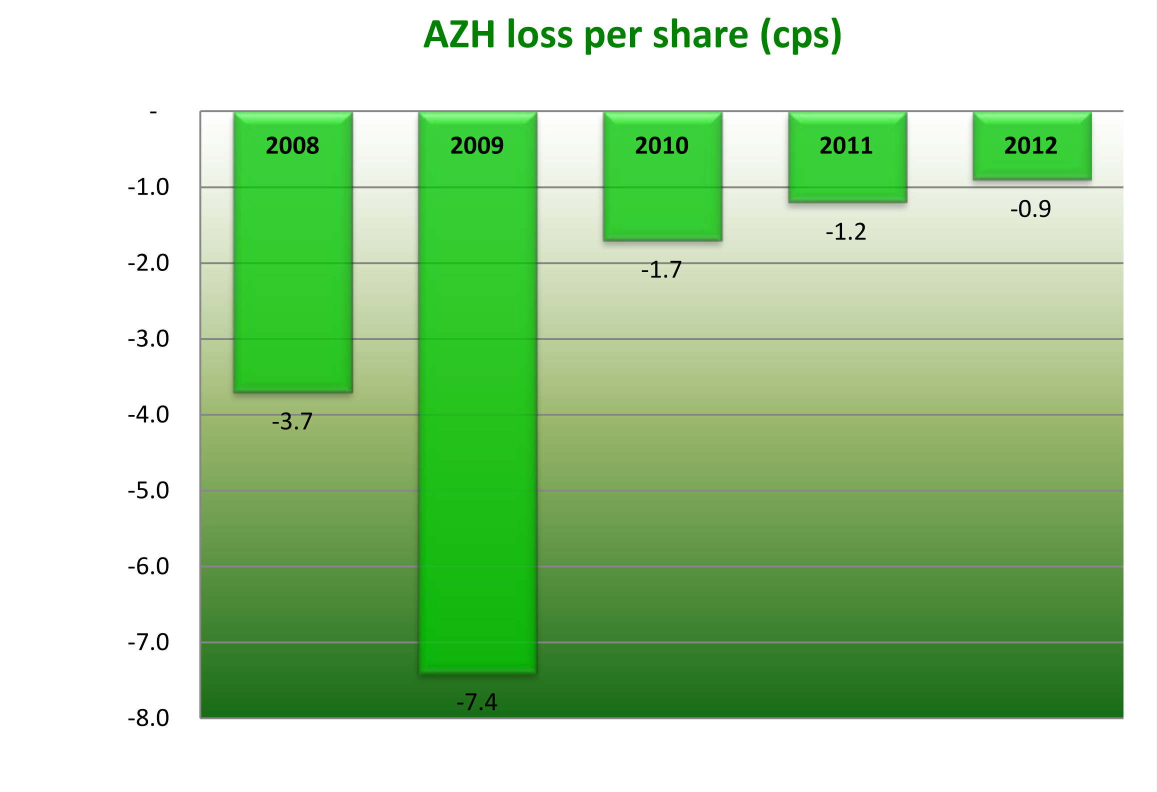
Directors' Report (continued)

REMUNERATION REPORT (continued)

The following graph shows the share price of the Company since January 2009:



In addition to share price performance, Group performance is also reflected in the movement of the Group's earnings or loss per share over time. The following graph shows the loss per share for the past 5 financial years.



***********END OF REMUNERATION REPORT***********

Directors' Report (continued)

LIKELY DEVELOPMENTS

There are no likely developments in the operations of the Group that were not finalised at the date of this report. Further information as to likely developments in the operations of the Group and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Group.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Shares under Option
As at the date of this report there were 22,582,954 options outstanding.

Expiry Date	Exercise Price	Number of options
31 December 2012	$0.04	3,784,620
31 December 2012	$0.18	6,840,000
31 December 2012	$0.10	1,833,334
13 August 2013	$0.10	175,000
13 August 2014	$0.10	425,000
30 April 2014	$0.371	3,000,000
30 May 2014	$0.42	1,275,000
30 September 2014	$0.70	1,500,000
30 September 2014	$0.90	1,500,000
17 January 2015	$0.70	1,125,000
17 January 2015	$0.90	1,125,000
		22,582,954

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the period, a total of 19,969,246 shares were issued as a result of the exercise of options. Refer to Note 16 for details.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2012 has been received and can be found on page 35.

NON-AUDIT SERVICES

There were no non-audit services provided by the Group's auditors during the period.

Directors' Report (continued)

Signed in accordance with a resolution of the Directors.

R. Monti
Executive Director

Perth
Date: 26 September 2012

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking information, including statements regarding mineral resource estimates, the potential mineralisation and geological merits of the Hicks and Smarts Deposits and the plans, objectives or expectations of the Company with respect to the advancement of these projects and completion of programs and studies. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "is expected", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are forward-looking statements.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, including, without limitation: inherent uncertainties and risks associated with mineral exploration; uncertainties related to the availability of future financing; uncertainties related to the outcome of studies; uncertainties relating to fluctuations in gold or uranium prices; the risk that Azimuth's title to its properties could be challenged; uncertainties related to general economic and financial conditions; and uncertainties related to fluctuations in Azimuth's share price. This list is not exhaustive of the factors that may affect any of Azimuth's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of Azimuth or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in the Company's Annual Information Form under the heading "Description of the Business - Risk Factors" and elsewhere.

Azimuth's forward-looking statements are based on the assumptions, beliefs, expectations and opinions of management as of the date hereof and which Azimuth believes are reasonable in the circumstances, but no assurance can be given that these expectations will prove to be correct. These assumptions include, but are not limited to public statements and stated goals, that there will be no material adverse change affecting the Company or its properties and such other assumptions as set out herein. Azimuth disclaims any intention or obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

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Mineral Resources and Reserves

Gold Mineral Resources as at 30 June 2012

Deposit	Category	Tonnes (millions)	Grade (g/t Au)	Metal (million ozs Au)
Hicks	Inferred	7.4	2.0	0.47
Smarts	Inferred	5.0	4.6	0.75
Total	**Inferred**	**12.4**	**3.1**	**1.22**

Notes applicable to the Mineral Resources

- Mineral resources have been estimated at a 0.5g/t cut off grade.
- Mineral resources do not have demonstrated economic viability.
- Mineral resources have been estimated and reported in accordance with the standards of Canadian National Instrument 43-101 ("NI 43-101") and the JORC Code.

Qualified Persons

The preparation of Azimuth's mineral resources has been done under the supervision of Qualified Persons as defined under NI 43-101 and the JORC Code. These qualified persons are detailed in the Company's Annual Information Form ("AIF") filed with Canadian securities regulatory authorities on May 10, 2012].

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Corporate Governance Statement

Azimuth Resources Ltd and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Group has adopted systems of control and accountability as the basis for the administration of corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs. The Corporate Governance Statement has been structured with reference to the Australian Securities Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition" to the extent that they are applicable to the Group.

Information about the Group's corporate governance practices are set out below.

THE BOARD OF DIRECTORS

Name	Position	Independent
Michael Hunt	Non-Executive Chairman	Yes
Dominic O'Sullivan	Non-Executive Director	No
Dean Felton	Non-Executive Director	Yes
Richard Monti	Executive Director	No
T. Sean Harvey	Non-Executive Director	Yes

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Group's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

Corporate Governance Statement (continued)

BOARD COMMITTEES

During the current year, the Board has established committees to assist in the execution of its duties and to ensure that certain issues are given due consideration. Current committees of the Board are the Corporate Governance Committee, the Nomination & Remuneration Committee and the Audit & Risk Management Committee.

Each of these committees has its own Charter approved by the Board, and under which authority is delegated by the Board. Each Committee is required to report the outcomes of its deliberations to the Board so that the Board is fully informed on all important matters before matters are resolved.

The Company Secretary provides support services to each committee. Committee meeting agendas, papers and minutes are made available to all Board members.

Corporate Governance Committee Meetings

Members	Status	Term	Meetings Held	Meetings Attended
Michael Hunt	Independent Non Executive Director	From formation	-	-
Dean Felton	Independent Non Executive Director	From formation	-	-
Richard Monti	Executive Director	From formation	-	-

The Corporate Governance Committee was formed on 13 March 2012. The first meeting of the Corporate Governance Committee was held on 26 July 2012.

Nomination and Remuneration Committee Meetings

Members	Status	Term	Meetings Held	Meetings Attended
Michael Hunt	Independent Non Executive Director	From formation	-	-
Dean Felton	Independent Non Executive Director	From formation	-	-
T. Sean Harvey	Independent Non Executive Director	From 26 Apr 12	-	-

The Nomination and Remuneration Committee was formed on 13 March 2012. The first meeting of the Nomination and Remuneration Committee was held on 26 July 2012.

Audit and Risk Management Committee Meetings

Directors	Status	Term	Meetings Held	Meetings Attended
Michael Hunt	Independent Non Executive Director	From formation	2	2
Dean Felton	Independent Non Executive Director	From formation	2	2
T. Sean Harvey	Independent Non Executive Director	From 26 Apr 12	-	-

The Audit and Risk Management Committee was formed on 13 February 2012.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Corporate Governance Statement (continued)

INDEPENDENCE

During the financial year, three of the Company's five Directors were independent. The Board considers the number of independent directors is appropriate.

An independent Director is a Non-Executive Director who:

– is not a substantial shareholder of the Company or an officer of, or directly or indirectly associated with, a substantial shareholder of the Company;
– within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
– within the last three years has not been a principal of a material professional adviser or a material consultant to the Company, or an employee material associated with the service provided; and
– does not have a material contractual relationship with the Company, other than as a Director of the Company.

For compliance with TSX National Instrument 52-110, and for the purposes of the Audit and Risk Management Committee, an independent director is a director who does not have a material business relationship with the Company. A material business relationship is defined under 52-110 as a director who:

- accepts any consulting, advisory or other compensatory fee other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee; or
- is an affiliated entity.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the Group is delegated by the Board to Executive Directors, and the key management personnel. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of Executive Directors and the key management team.

The Board has adopted a formal charter that sets out the responsibilities reserved by the Board and those delegated to the Executive Officers. The charter is reviewed annually to ensure it remains consistent with accepted practice in the context of the Board's objective and responsibilities.

The Board is responsible for ensuring management's objectives and activities are aligned with the expectations and risks identified. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

– Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements and is designed to meet stakeholders' needs and manage business risk;
– Implementation of operating plans and budgets by management and Board monitoring of progress against budget;
– Management of environmental issues and concerns, and occupational health and safety; and
– The review and approval of acquisitions and disposals of businesses and assets, and the approval of contracts and financial arrangements within defined limits.

Corporate Governance Statement (continued)

Due to the size and nature of the Group, the performance of all Directors is reviewed periodically by the board independently of each particular Director. Directors whose performance is unsatisfactory are asked to retire. Directors are also subject to shareholder re-election at every third anniversary of their directorship.

DIVERSITY

The Group has established a Diversity Policy that will allow it to grow and develop in a way that reflects, as far as possible, the talent available in the communities in which it works. Diversity is considered in all its forms including gender, age, geographical location, race and ethnicity, religion, and cultural background.

The Group's commitment to diversity is underpinned by the following key principles:

– Diversity is necessary to deliver on objectives;
– The Group will aspire to have a workforce that reflects the communities in which it is based and communities in which employees live; and,
– The objectives set in support of diversity will be transparent, achievable, and fit for purpose.

The measurable objectives that have been set to achieve diversity principles include:

– Place particular emphasis on female participation in all levels of the organisation;
– Monitor and report on the number of females within the organisation; and,
– Review recruitment processes to enable the achievement of diversification goals within all levels of the organisation.

The Company is aiming to achieve a diverse mix of skills and experience across the financial, legal, governance, corporate, development, operational and technical fields.

As at 30 June 2012, the proportion of women employed across the Group, as a whole, and at Board level were:

	Number	Number of Women	Percentage
Board	5	-	-
Senior Executive	3	1	33.3%
Employees	27	8	29.6%

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Directors' rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Group. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that mineral exploration is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Group.

CODE OF CONDUCT AND TRADING POLICY

The Group has adopted a Code of Conduct for both Company executives and Company employees that promotes the highest standards of ethics and integrity in carrying out their duties to the Group.

Corporate Governance Statement (continued)

The Group has adopted a trading policy which requires that executives in possession of confidential information are prohibited from trading in the Company's securities until two days after the information has been released to the market.

CONTINUOUS DISCLOSURE AND COMMUNICATION WITH STAKEHOLDERS

Responsibility for supervision of Azimuth's compliance with continuous disclosure lies with the Board via its Continuous Disclosure Policy.

The Board as a whole is responsible for investor relations and has the authority and responsibility for approving market disclosure, which in practice is exercised in consultation with the Company Secretary. The Board reviews announcements made each month, and considers disclosure obligations in the context of each item of business which comes before it.

Azimuth considers its disclosure of financial results meets the standards outlined in the ASX Guidelines. This disclosure includes availability of materials on the Azimuth website and provision of all information necessary for investors to make informed decisions about an investment in Azimuth securities.

Azimuth aims to provide good quality, clear communication with shareholders, using available methods and technologies through the adoption of its shareholder communications policy.

Shareholder meetings are viewed by the Directors as an opportunity for shareholders to meet with and question the Board and management of Azimuth. Azimuth's external auditor attends the Annual General Meeting and is available to answer shareholder questions.

Azimuth's website is a key source of information for the Company's shareholders and prospective shareholders. Azimuth places Company announcements on the site immediately following confirmation of their release to the market.

Further communication with shareholders occurs with the distribution of the annual report (unless shareholders have chosen not to receive these). Email is also an important method of communication for investors. Key announcements and updates can be received by email where shareholders provide their details to Azimuth or the appointed share registrar.

RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

Management, with the oversight and guidance of the Audit and Risk Management Committee, is responsible for developing, maintaining and improving the Group's risk management and internal control system. Management provides the Audit and Risk Management Committee, and the Board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself quarterly, or more frequently as required, that management has developed a sound system of risk management and internal control.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Group has identified and actively monitors a number of risks inherent in the industry in which the Group operates.

The Board also receives a written assurance from the persons performing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) roles, that to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because

Corporate Governance Statement (continued)

much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition" with a view to making amendments where applicable after considering the Group's size and the resources it has available.

The Group's corporate governance policies are available on its website www.azimuthresources.com.au.

As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

A description of the Group's main corporate governance practices is set out below:

ASX Principle		Reference/comment
Principle 1: Lay solid foundation for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	A formal board charter has been adopted that details the function and responsibilities of the board and its members. The senior executives have been delegated management responsibilities, while the board is responsible primarily to shareholders and major stakeholders. Responsibilities of the board include: • Overseeing the Company, including its control systems; • Appointing and removing the Managing Director; • Reviewing and monitoring systems of risk management and internal control, codes of conduct, and legal compliance; • Monitoring senior executive performance; and • Approving and monitoring financial reporting.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Due to the size and nature of the Group, the performance of all Directors is reviewed as and when needed. Each director is required to assess the performance of fellow directors annually and report to the Chairman. The outcome of the review is presented to the Nomination and Remuneration Committee. Directors have been selected due to their specific experience and skill set; they are required to retire and offer themselves for re-election by shareholders every three years.
Principle 2: Structure the board to add value		
2.1	A majority of the board should be independent directors.	Of the five directors appointed to the board, three are independent non-executive directors, and one is a non-executive director. Applying the ASX Principles of Good Corporate Governance in assessing independence, three of the non-executive directors listed above (namely: Michael Hunt; Dean Felton; and Sean Harvey) are considered independent. Dominic O'Sullivan is not considered independent, having been an executive of the Group in the past three years.

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Corporate Governance Statement (continued)

ASX Principle		Reference/comment
2.2	The chair should be an independent director.	The chair is responsible for leadership of the board. The chair, Michael Hunt, is an independent director.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The roles of chair and chief executive officer are not exercised by the same individual. There is a clear division of responsibility at the head of the Company.
2.4	The board should establish a nomination committee.	A Nomination and Remuneration Committee has been established. The purpose of this committee is to examine the appointment and selection practices of the Company.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Evaluation of the performance of the board, committees, and individual directors occurs annually. The performance of each member is measured against corporate milestones, committee charters, peer reviews, and may also be periodically and independently reviewed by the chair of the board.
Principle 3: Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code.	There is an established code of conduct that all employees and directors are required to sign. All directors and employees are expected to act with objectivity and integrity.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.	The Company has established a diversity policy, which includes the requirement for the board to establish measurable objectives for achieving greater diversity throughout the Company. The board assess objectives and progress at least annually.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The measurable objectives for achieving gender diversity have been disclosed and progress has been made towards achieving them. The governance culture is one that embraces diversity with a particular focus on the participation of women.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The proportion of women employees, senior executives and those on the board are disclosed within the annual report. A review is conducted at least annually to review the proportion of women and men at all levels within the Group. This obligation has been included within the charter of the Nomination and Remuneration Committee.

Corporate Governance Statement (continued)

ASX Principle		Reference/comment
Principle 4: Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	There is an established Audit and Risk Management Committee. The purpose of this committee is to focus on the integrity of the Group's financial reporting, the management of the external audit and any non-audit services, and the identification, monitoring and management of risks.
4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members.	The committee comprises three independent non-executive directors. The committee is of sufficient size, independence and technical expertise. The members of the committee are all financially literate, and all members have an in depth understanding of the industry in which the Group operates.
4.3	The audit committee should have a formal charter.	The Audit and Risk Management Committee charter clearly sets out the committee's roles and responsibilities, composition and membership.
Principle 5: Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Group has processes and continuous disclosure policies in place that ensures compliance with ASX Listing Rules and ensure that all announcements are made in a timely manner, are factual, do not omit material information, and are expressed clearly. Employees and management are required to report any potential material information to the Chairman, Board or Company Secretary, as each case requires.
Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings, and disclose their policy or a summary of that policy.	A communication policy has been developed that promotes effective communication with shareholders and stakeholders. The Group considers new technologies that are available that will enable effective communication with shareholders, and improved access to shareholders unable to attend general meetings. General meetings are conducted in a manner that allows reasonable opportunities for shareholder participation. The Group's website is also a mode of communication to shareholders and stakeholders. The website compliments the information officially released to the market, and enables broader access to Company information.

Corporate Governance Statement (continued)

ASX Principle		Reference/comment
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Group has established an Audit and Risk Management Committee, and policies regarding the oversight and management of material business risks. The Committee makes recommendations to the Board, who are ultimately responsible for ensuring the Group's key business risks are identified and managed, and reviewing the Group's policies on risk oversight and management.
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Management is responsible for developing, maintaining and improving the Group's risk management and internal control system. Management provides the Audit and Risk Management Committee and the Board with periodic reports identifying areas of potential risks and safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements from potential misstatement.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board receives a written assurance from the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) that to the best of their knowledge and belief, the declaration provided is in accordance with section 295A of the Corporations Act and is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, and the inherent limitations in internal control due to much of the evidence being persuasive rather than conclusive, and therefore, it is not and cannot be designed to detect all weaknesses in internal control procedures.
Principle 8: Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	The board has established a Nomination and Remuneration Committee.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	The committee comprises of a majority of independent directors; is chaired by an independent director; and the committee has at least three members. The committee is of sufficient size and independence to discharge its mandate effectively.

Corporate Governance Statement (continued)

ASX Principle		Reference/comment
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	The Board acknowledges the grant of options to Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to be reasonable in the circumstances, given the necessity to attract and retain the highest calibre of professionals to the Group, whilst maintaining the Group's cash reserves.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Azimuth Resources Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Azimuth Resources Limited.

Perth, Western Australia	**L DI GIALLONARDO**
26 September 2012	**Partner, HLB Mann Judd**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

AZIMUTH RESOURCES LTD
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Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Revenue	2	21,448	36,925
Other revenue	2	1,374,311	284,753
Administration expense		(802,221)	(384,474)
Compliance and regulatory expense		(942,899)	(482,253)
Consultancy expense		(261,509)	(136,591)
Directors' fees		(625,429)	(532,227)
Employee benefit expense		(528,133)	(325,388)
Occupancy expense		(128,622)	(175,536)
Share based payments expense		(1,022,696)	(720,678)
Public relations expense		(95,015)	(27,447)
Depreciation and amortisation expense	3	(42,597)	(43,876)
Exploration expenditure written off due to sale/surrender		-	(161,796)
Exploration expenditure incurred		(663)	-
Loss on sale of plant and equipment		(136,899)	(11,923)
Impairment expense		(2,017)	-
Foreign currency loss		-	(708,347)
Loss before income tax expense	4	(3,192,941)	(3,388,858)
Income tax expense	5	-	-
Net loss for the year		**(3,192,941)**	**(3,388,858)**
Other comprehensive income/(loss)			
Foreign currency translation differences		25,197	(279,038)
Total comprehensive loss for the year attributable to members		**(3,167,744)**	**(3,667,896)**
Basic loss per share – cents per share	4	(0.86)	(1.16)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

AZIMUTH RESOURCES LTD
ABN : 87 089 531 082

Statement of Financial Position

As at 30 June 2012

	Note	Consolidated 2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	6	7,996,483	8,022,913
Trade and other receivables	7	860,165	619,281
Inventories	8	447,927	8,328
		9,304,575	8,650,522
Non-current assets held for sale	9	-	136,961
Total current assets		9,304,575	8,787,483
Non-current assets			
Trade and other receivables	7	26,056	-
Leasehold improvements	10	9,998	16,361
Plant and equipment	11	2,272,185	1,262,830
Exploration and evaluation expenditure	12	46,366,549	26,120,656
Total non-current assets		48,674,788	27,399,847
TOTAL ASSETS		**57,979,363**	**36,187,330**
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,466,374	544,588
Total current liabilities		1,466,374	544,588
Non-current liabilities			
Provisions	14	130,620	-
Deferred tax liabilities	15	5,891,455	5,891,455
Total non-current liabilities		6,022,075	5,891,455
TOTAL LIABILITIES		**7,488,449**	**6,436,043**
NET ASSETS		**50,490,914**	**29,751,287**
EQUITY			
Issued capital	16	61,561,578	38,676,903
Reserves		2,050,475	1,860,348
Accumulated losses		(13,121,139)	(10,785,964)
TOTAL EQUITY		**50,490,914**	**29,751,287**

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

AZIMUTH RESOURCES LTD
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Statement of Changes in Equity
For the year ended 30 June 2012

2012 Consolidated

	Issued Capital $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Total equity at the beginning of the year	38,676,903	1,989,850	(129,502)	(10,785,964)	29,751,287
Loss for the year	-	-	-	(3,192,941)	(3,192,941)
Other comprehensive income	-	-	25,197	-	25,197
Total comprehensive loss for the year	**-**	**-**	**25,197**	**(3,192,941)**	**(3,167,744)**
Transactions with equity holders:					
Contributions of equity, net of transaction costs	21,172,005	-	-	-	21,172,005
Share-based payments	-	1,022,696	-	-	1,022,696
Exercise of options	1,712,670	(852,812)	-	852,812	1,712,670
Expiry of options	-	(4,954)	-	4,954	-
Total equity at 30 June	**61,561,578**	**2,154,780**	**(104,305)**	**(13,121,139)**	**50,490,914**

2011 Consolidated

	Issued Capital $	Option Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Total equity at the beginning of the year	27,100,406	1,359,707	149,536	(7,487,641)	21,122,008
Loss for the year	-	-	-	(3,388,858)	(3,388,858)
Other comprehensive income	-	-	(279,038)	-	(279,038)
Total comprehensive loss for the year	**-**	**-**	**(279,038)**	**(3,388,858)**	**(3,667,896)**
Transactions with equity holders:					
Contributions of equity, net of transaction costs	11,476,497	-	-	-	11,476,497
Share-based payments	-	720,678	-	-	720,678
Exercise of options	100,000	(42,325)	-	42,325	100,000
Expiry of options	-	(48,210)	-	48,210	-
Total equity at 30 June	**38,676,903**	**1,989,850**	**(129,502)**	**(10,785,964)**	**29,751,287**

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

Statement of Cash Flows

For the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Cash flows from operating activities			
Receipts from customers		214,965	150,373
Interest received		627,393	233,575
Payments to suppliers and employees		(3,416,939)	(1,061,515)
Net cash used in operating activities	20	(2,574,581)	(677,567)
Cash flows from investing activities			
Purchase of plant and equipment		(1,417,846)	(979,658)
Payments for exploration expenditure		(16,233,106)	(5,766,075)
Proceeds from sale of plant and equipment		275,000	11,617
Cash acquired on acquisition of subsidiary		-	-
Net cash used in investing activities		(17,375,952)	(6,734,116)
Cash flows from financing activities			
Proceeds from issues of shares		21,087,386	12,040,000
Capital raising costs		(1,007,710)	(463,503)
Net cash flows provided by financing activities		20,079,676	11,576,497
Net increase in cash and cash equivalents		129,143	4,164,814
Cash and cash equivalents at the beginning of the year		8,022,913	3,852,477
Effect of exchange rate fluctuations on cash held		(155,573)	5,622
Cash and cash equivalents at the end of the year	6	**7,996,483**	**8,022,913**

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

Notes to the Financial Statements
For the year ended 30 June 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Group, are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated.

Azimuth is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange (code: AZH). The financial statements are presented in Australian dollars which is the Company's functional currency.

A. Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets (if applicable).

The financial report was authorised for issue by the Directors on 13 September 2012.

Compliance with IFRS
The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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

B. Significant Accounting Estimates and Assumptions

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 Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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:

i) Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised 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 asset 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.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Significant Accounting Estimates and Assumptions (continued)

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

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, results and net assets will be reduced in the period in which this determination is made.

ii) Recoverability of potential deferred tax assets
The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the benefit of those losses will be utilised. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact the financial results.

iii) Share-based payment transactions
The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using the Black & Scholes formula, taking into account the terms and conditions upon which the equity instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

C. Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Azimuth Resources Limited and its subsidiaries at 30 June 2012 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by Azimuth Resources Limited.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The financial statements of subsidiaries are prepared from differing reporting periods as the parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company 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 less any impairment in the individual financial statements of Azimuth Resources Limited.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period in which Azimuth Resources Ltd has control.

Investments in subsidiaries are held at the lower of cost and recoverable amount.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

ii) Gold sales
Revenue from the sale of gold is recognised when the Company has transferred to the buyer substantially all the significant risks and rewards of ownership. Revenue is net of royalties, which is not considered an income tax.

E. Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of six months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

F. Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

H. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

I. Leasehold Improvements, Plant and Equipment

Leasehold improvements, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they were incurred. Depreciation is calculated using both the straight line and diminishing value method to allocate asset costs over their estimated useful lives, or in the case of leasehold improvements, the unexpired period of the lease. Depreciation/amortisation rates applying to each class of depreciable asset are as follows:

- Leasehold improvements Lease term
- Plant & equipment 20-50%
- Field equipment 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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 statement of comprehensive income.

J. Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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 the parent entity's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using average exchange rates for the period, or where possible, the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate.

Group companies
The functional currency of the overseas subsidiaries is currently US dollars and Guyanese dollars. The Board of Directors assesses the appropriate functional currency of these entities on an ongoing basis.

L. Business Combinations

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

M. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

N. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

O. Earnings per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Earnings per Share (continued)

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share 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.

P. Exploration, Evaluation and Development Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are impaired in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation may be reversed and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Exploration and evaluation assets are assessed for impairment if:

(i) sufficient data exists to determine technical feasibility and commercial viability, and
(ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then re-classified from intangible assets to mining property and development assets within property, plant and equipment.

Notes to the Financial Statements
For the year ended 30 June 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

R. Share-Based Payments

The Company has provided payments to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black & Scholes method.

The Black & Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimates of the number of options that are expected to become exercisable.

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 parties 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 Company, will ultimately vest. This opinion is formed based on the best available information at balance 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.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where the Group acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises equity instruments, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

S. Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

Notes to the Financial Statements

For the year ended 30 June 2012

T. Comparative Information

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

NOTE 2: REVENUE

	2012 $	2011 $
Gold sales revenue	**21,448**	**36,925**
Other revenue		
Interest revenue	615,263	284,683
Profit on sale of non-current assets held for sale	137,172	-
Foreign exchange gain	620,597	-
Other revenue	1,279	70
Total other revenue	**1,374,311**	**284,753**

NOTE 3: LOSS

Loss before income tax has been determined after:

	2012 $	2011 $
Depreciation of non-current assets		
Plant and equipment	30,791	33,705
Fixtures and fittings	4,652	2,586
Amortisation – leasehold improvements	7,154	7,585
Total depreciation and amortisation expense	**42,597**	**43,876**

NOTE 4: LOSS PER SHARE

	2012 $	2011 $
Basic loss per share - cents	(0.86)	(1.16)
Loss used in the calculation of basic loss per share	(3,192,941)	(3,388,858)
	#	**#**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	371,303,135	292,251,445

None of the 23,057,954 options on issue as at the balance date are included in the calculation of the weighted average number of shares for diluted earnings per share as they are considered anti-dilutive due to the Group making a loss for the year.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 5: INCOME TAX

	2012 $	2011 $
(a) Income tax expense		
The major components of income tax expense are:		
Current Income Tax		
Current income tax charge	-	-
Deferred income tax		
Relating to movements in temporary differences	-	-
Income tax expense reported in the statement of comprehensive income	-	-

(b) Amounts charged directly to equity

There were no amounts charged directly to equity.

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

	2012 $	2011 $
Net loss before income tax	(3,192,941)	(3,388,858)
Income tax at 30%	(957,882)	(1,016,657)
Effect of expenses not deductible in determining taxable income	556,240	264,144
Effect of expenses deductible in determining taxable income	(763,631)	-
Adjustments in respect of deferred income tax of previous years	-	21,910
Effect of tax losses not recognised as deferred tax assets	662,987	744,436
Effect of tax rates in foreign jurisdictions*	502,286	(13,833)
Income tax expense/(benefit)	-	-

* Takatu Minerals Ltd, Pharsalus Gold Inc and Pharsalus Inc operate in tax jurisdictions with differing tax rates.

The Group has no franking credits available for offset against future taxable amounts.

Azimuth Resources Limited has unrecognised tax losses arising in Australia, Canada, and Guyana, which are available indefinitely to offset against future profits of the Company providing the tests for deductibility against future profits are met.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 5: INCOME TAX (continued)

	2012 $	2011 $
Unutilised Australian Tax Losses	11,452,731	9,893,922
Unutilised Foreign Tax Losses	1,991,107	987,555

Deferred tax assets have not been recognised in respect of the following items:		
Accruals	9,000	50,564
Exploration expense DTL	-	(40,532)
Tax losses	3,967,098	3,513,070
Capital raising costs and other capital items	448,874	205,609
	4,424,972	**3,728,711**

NOTE 6: CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank and on hand [(a)]	7,921,483	8,022,913
Deposits at call	75,000	-
	7,996,483	**8,022,913**

[(a)] Cash at bank is subject to fixed and floating interest rates at an effective interest rate of	3.83% per annum	5.66% per annum

NOTE 7: TRADE AND OTHER RECEIVABLES

Current	2012 $	2011 $
GST receivables	47,451	21,363
Prepayments	739,006	523,985
Other Receivables	73,708	73,933
	860,165	**619,281**
Non-Current		
Deposits	26,056	-
	26,056	**-**

The above amounts do not bear interest and their carrying amount is equivalent to their fair value.

NOTE 8: INVENTORIES

	2012 $	2011 $
Raw materials and consumables at cost	**447,927**	**8,328**

Inventories on hand at 30 June 2012 consist of fuel, drilling consumables and general stores.

AZIMUTH RESOURCES LTD
ABN : 87 089 531 082

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 9: NON CURRENT ASSETS HELD FOR SALE

Assets classified as held for sale	2012 $	2011 $
Capitalised exploration and evaluation costs		
Opening balance	135,107	134,303
Expenditure	2,721	804
Sale of assets	(137,828)	-
Closing balance	**-**	**135,107**

Plant and equipment	2012 $	2011 $
Opening balance	1,854	1,854
Written off	(1,532)	-
Transfer to plant and equipment	(322)	-
Closing Balance	-	1,854
Total non current assets held for sale	**-**	**136,961**

NOTE 10: LEASEHOLD IMPROVEMENTS

At 30 June 2012	2012 $	2011 $
Cost	13,620	26,329
Accumulated amortisation	(3,622)	(10,010)
Effect of foreign exchange	-	42
Net book value	**9,998**	**16,361**

NOTE 11: PLANT AND EQUIPMENT

	Plant & Equipment $	Fixtures & Fittings $	Work in progress $	Buildings $	Total $
Balance at 1 July 2010	**571,379**	**12,998**	**4,482**	**-**	**588,859**
Additions	1,036,373	-	49,351	-	1,085,724
Disposals	(30,650)	-	-	-	(30,650)
Depreciation for the year	(253,887)	(2,586)	-	-	(256,473)
Effect of foreign exchange	(118,859)	(935)	(4,836)	-	(124,630)
Balance at 30 June 2011	**1,204,356**	**9,477**	**48,997**	**-**	**1,262,830**
Additions	1,358,464	18,763	232,821	173,355	1,783,403
Disposals	(333,780)	(7,103)	-	-	(340,883)
Transfers	-	-	(288,788)	288,788	-
Depreciation for the year	(499,119)	(4,706)	-	-	(503,825)
Effect of foreign exchange	48,329	528	6,970	14,833	70,660
Balance at 30 June 2012	**1,778,250**	**16,959**	**-**	**476,976**	**2,272,185**

NOTE 11: PLANT AND EQUIPMENT (continued)

At 30 June 2012	Plant & Equipment $	Fixtures & Fittings $	Work in progress $	Buildings $	Total $
Cost	2,527,070	23,658	-	462,143	3,012,871
Accumulated depreciation	(736,350)	(4,336)	-	-	(740,686)
Foreign exchange translation differences	(12,470)	(2,363)	-	14,833	-
Net book value	**1,778,250**	**16,959**	**-**	**476,976**	**2,272,185**
At 30 June 2011					
Cost	1,442,561	11,357	52,974	-	1,506,892
Accumulated depreciation	(287,852)	(3,437)	-	-	(291,289)
Foreign exchange translation differences	49,647	1,557	(3,977)	-	47,227
Net book value	**1,204,356**	**9,477**	**48,997**	**-**	**1,262,830**

Capital Commitments
The Group does not have any capital commitments at 30 June 2012.

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

	2012 $	2011 $
Costs carried forward in respect of:		
Exploration and evaluation phase, at cost	**46,366,549**	**26,120,656**

Reconciliation:

A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:

	2012	2011
Carrying amount at beginning of year	26,120,656	22,472,028
Exploration costs incurred during the year	19,781,957	4,498,783
Exploration expenditure written off due to sale/surrender	-	(161,796)
Refunds	-	(447)
Effect of foreign exchange	463,936	(687,912)
Carrying amount at end of year	**46,366,549**	**26,120,656**

Exploration commitments
In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE (continued)

These commitments may be varied as a result of renegotiations, relinquishments, farm-outs, sales or carrying out work in excess of the permit obligations. The minimum expenditure required by the Group on exploration permits within the next 12 months and as at the balance date $5,247,418 (2011: $1,572,543). In addition to this required exploration expenditure are payments due to vendors as staged purchase consideration totalling $701,599 ($2011: $2,355,510). Drilling commitments disclosed in Note 19 can be utilised to satisfy the exploration expenditure commitment above. Commitments beyond this time frame cannot be estimated reliably as minimum expenditure requirements are reassessed annually. The commitments have not been provided for in the financial report. The ultimate recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development and/or commercial exploitation or alternatively, sale of the respective areas of interest.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTE 13: TRADE AND OTHER PAYABLES

	2012 $	2011 $
Current		
Trade payables (a)	1,346,267	376,040
Accruals	77,618	168,548
Employee benefits (b)	42,489	-
	1,466,374	**544,588**

(a) Trade payables are non interest bearing and are normally settled on 30-day terms.
(b) Employee benefits relate to annual leave accrued by employees, payable within the next 12 months. No long service leave is included as current employees are not within the qualifying period.

NOTE 14: PROVISIONS

	2012 $	2011 $
Non-Current		
Provision for withholding tax (b)	**130,620**	**-**

(a) Provision for withholding tax
Provision relates to withholding tax payable by Guyanese subsidiaries upon repayment of intercompany loans.
(b) Movements in provisions
The movement in the provisions relates to the current period ended 30 June 2012. There were no provisions in prior periods.

	2012 $	2011 $
Non-Current		
Carrying amount at beginning of year	-	-
Charged to statement of comprehensive income	130,620	-
Carrying amount at end of year	**130,620**	**-**

Notes to the Financial Statements
For the year ended 30 June 2012

NOTE 15: DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	2012	2011
	$	$
Exploration and evaluation expenditure*	**5,891,455**	**5,891,455**

* Recognised on acquisition of Takatu Minerals Ltd.

NOTE 16: ISSUED CAPITAL

CONSOLIDATED AND COMPANY	Number of Shares	$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	401,518,304	61,561,578
(b) Movements in fully paid shares on issue		
Balance as at 1 July 2010	259,956,622	27,100,406
Placement – 17 August 2010	20,000,000	1,400,000
Placement – 18, 21 & 22 March 2011	40,529,605	7,700,625
Share Purchase Plan – 31 March 2011	13,631,382	2,590,000
Exercise of Options – 12 May 2011	1,000,000	100,000
Placement – 23 May 2011	1,312,500	249,375
Capital raising costs	-	(463,503)
Balance at 30 June 2011	**336,430,109**	**38,676,903**
Exercise of Options – 22 August 2011	360,000	64,800
Placement – 10 November 2011	42,118,949	19,374,716
Exercise of Options – 8 December 2011	3,400,000	472,000
Exercise of Options – 9 February 2012	766,666	76,667
Issue of Shares for purchase of assets – 17 February 2012	3,000,000	2,805,000
Exercise of Options – 17 February 2012	4,000,000	160,000
Exercise of Options – 20 February 2012	2,500,000	190,000
Exercise of Options – 21 February 2012	25,000	2,500
Exercise of Options – 7 March 2012	50,000	5,000
Exercise of Options – 16 March 2012	150,000	15,000
Exercise of Options – 26 March 2012	5,050,000	505,000
Exercise of Options – 12 April 2012	550,000	67,000
Exercise of Options – 19 April 2012	2,817,580	112,703
Exercise of Options – 30 April 2012	150,000	27,000
Exercise of Options – 26 June 2012	150,000	15,000
Capital raising costs	-	(1,007,711)
Balance at 30 June 2012	**401,518,304**	**61,561,578**

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 16: ISSUED CAPITAL (continued)

The Company has an employee and consultant option plan (ECOP) under which options to subscribe for the Company's shares have been granted to certain key management personnel, employees and contractors (refer Note 22).

(c) Share Based Payment Reserve	**Number of Options**	**$**
Balance as at 1 July 2010	**32,802,200**	**1,359,707**
Issue of ECOP options – 13 August 2011	2,000,000	45,378
Expiry of options – 19 November 2011	(300,000)	(46,920)
Expiry of ECOP options – 24 November 2011	(50,000)	(1,290)
Exercise of options – 12 May 2011	(1,000,000)	(42,325)
Issue of options – 18 May 2011	3,000,000	430,200
Issue of ECOP options – 30 May 2011	1,500,000	245,100
Balance as at 30 June 2011	**37,952,200**	**1,989,850**
Exercise of Options – 22 August 2011	(360,000)	(8,516)
Issue of ECOP Options – 24 October 2011	3,000,000	721,050
Exercise of Options – 8 December 2011	(3,400,000)	(108,775)
Issue of ECOP Options – 17 January 2012(i)	2,250,000	301,646
Expiry of ECOP Options – 31 January 2012	(175,000)	(4,955)
Exercise of Options – 9 February 2012	(766,666)	(29,967)
Exercise of Options – 17 February 2012	(4,000,000)	(208,012)
Exercise of Options – 20 February 2012	(2,500,000)	(115,490)
Exercise of Options – 21 February 2012	(25,000)	(582)
Exercise of Options – 7 March 2012	(50,000)	(1,164)
Exercise of Options – 16 March 2012	(150,000)	(3,492)
Exercise of Options – 26 March 2012	(5,050,000)	(212,789)
Exercise of Options – 12 April 2012	(550,000)	(10,551)
Exercise of Options – 19 April 2012	(2,817,580)	(146,523)
Exercise of Options – 30 April 2012	(150,000)	(3,458)
Exercise of Options – 26 June 2012	(150,000)	(3,492)
Balance as at 30 June 2012	**23,057,954**	**2,154,780**

(i) The total value of options issued on 17 January 2012 amounted to $637,538. Due to vesting conditions, an amount of $301,646 has been recognised in the statement of comprehensive income for the year.

(d) Rights attaching to shares
At shareholders' meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares have no par value and entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTE 17: RESERVES

Nature and Purpose of Reserves

Share Based Payment Reserve
The share based payment reserve is used to recognise the fair value of all options issued as share based payments, on issue but not yet exercised.

The exercise prices of options on issue are disclosed in the Directors' report accompanying this financial report. At balance date, 23,057,954 options have vested and are exercisable. The weighted average contractual life of all options on issue as at 30 June 2012 is 1.2 years (2011: 1.7 years).

Foreign Exchange Translation Reserve
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTE 18: FINANCIAL INSTRUMENTS

a) Capital risk management

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company is not subject to any capital requirements imposed by a lending institution at the present time. The Company manages its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets.

The capital structure is reviewed by management and the board of directors on an ongoing basis. The Company considers its capital to be equity contributed capital. The Company manages capital through its financial and operational budgeting and forecasting processes. The Company forecasts its future cash flows based on activities related to its mineral properties, and the administration of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended June 30, 2012 and 2011.

b) Categories of financial instruments

	2012 $	2011 $
Financial Assets		
Cash and cash equivalents	7,996,483	8,022,913
Trade and other receivables	886,221	619,281
Financial Liabilities		
Trade and other payables	1,466,374	544,588

c) Financial risk management objectives
The Group's financial instruments consist mainly of deposits with banks, short-term investments and accounts receivable and payable. The Group does not have any derivative instruments at 30 June 2012 (2011: None).

d) Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices, exchange rates, and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 18: FINANCIAL INSTRUMENTS (continued)

i) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The carrying value of the Group's foreign currency denominated monetary assets and monetary liabilities as at balance date are as follows:

	Assets		Liabilities	
	2012	2011	2012	2011
	$	$	$	$
US Dollars	141,473	534,296	(342,982)	(41,843)
Canadian dollars	-	-	(419,823)	(21,467)
Guyanan dollars	1,476,022	145,975	(2,786)	(28,641)
Total	**1,617,495**	**680,271**	**(765,591)**	**(91,951)**

Foreign currency sensitivity analysis

The Group is exposed to US Dollar (USD), Guyanese Dollar (GYD) and Canadian Dollar (CAD) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate calculated based on the analysis of the change of the Reserve Bank of Australia (RBA) exchange rate over the 2012 financial year as compared to the average exchange rate across the period and the rate in effect at balance date and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency, and for a weakening of the Australian Dollar against the respective currency there is an equal and opposite impact on the profit and other equity, shown as a negative number.

		Effect On:		Effect On:	
		Profit	Profit	Equity	Equity
		2012	2011	2012	2011
Risk Variable	**Sensitivity**	$	$	$	$
USD denominated balances	+ 10%	(20,151)	49,245	(20,151)	49,245
	- 10%	20,151	(49,245)	20,151	(49,245)
CAD denominated balances	+ 10%	(41,982)	(2,147)	(41,982)	(2,147)
	- 10%	41,982	2,147	41,982	2,147
GYD denominated balances	+ 10%	146,888	788,572	146,888	788,572
	- 10%	(146,888)	(788,572)	(146,888)	(788,572)

ii) Interest rate risk management

The Group is exposed to interest rate risk on cash balances which are held at floating rates. The risk is managed by the Group by monitoring budgets and forecast cash flows and maximising returns on cash and cash equivalents.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 18: FINANCIAL INSTRUMENTS (continued)

The Group's exposures to interest rates on financial assets and financial liabilities are detailed below:

2012	Note	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets				
Cash and cash equivalents	6	7,996,483	-	7,996,489
Trade and other Receivables	7	-	886,221	886,221
		7,996,483	886,221	8,882,710
Weighted average interest rate		3.83%		
Financial Liabilities				
Trade and other Payables	13	-	1,466,374	1,466,374
		-	1,466,374	1,466,374
2011				
Financial assets				
Cash and cash equivalents	6	8,022,913	-	8,022,913
Receivables	7	-	619,281	619,281
		8,022,913	619,281	8,642,194
Weighted average interest rate		5.66%		
Financial Liabilities				
Payables	13	-	544,588	544,588
		-	544,588	544,588

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 165 (2011: 150) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates, based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate for the past five financial years.

At balance date, if interest rates had been 165 (2011: 150) basis points higher or lower and all other variables were held constant, the Group's net profit and loss and other equity reserves would be affected as follows:

			Effect On:		Effect On:	
	2012	2011	Profit/Loss 2012	Profit/Loss 2011	Equity 2012	Equity 2011
Risk Variable	Sensitivity		$	$	$	$
Interest Rate	+1.65%	+1.50%	210,487	82,899	210,487	82,899
	-1.65%	-1.50%	(210,487)	(82,899)	(210,487)	(82,899)

NOTE 18: FINANCIAL INSTRUMENTS (continued)

e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are considered reputable and creditworthy. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information, trade references and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed by the Board periodically.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

g) Commodity price risk

The Group is exposed to commodity price risk in relation to the gold price. The Board monitors the gold price and its affect on the Company's share price (as a result of expected exploration success) and also its affect on the Group's ability to raise further equity capital. The Group's objective is to maximise the returns from the sale of tribute gold and exploration success.

h) Fair value of financial instruments

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

NOTE 19: OPERATING LEASE ARRANGEMENTS

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

	2012 $	2011 $
Less than one year	119,288	1,413,519
Between one and five years	37,928	25,142
More than 5 years	-	-
	157,216	**1,438,661**

The Company leases office premises in both Guyana and Perth, Western Australia under an operating lease. The lease periods run for four years and two years, and commenced on February 1, 2010 and December 1, 2011 respectively. Other lease commitments include residential properties leased for expatriate employees.

Notes to the Financial Statements
For the year ended 30 June 2012

NOTE 19: OPERATING LEASE ARRANGEMENTS (continued)

During the year ended 30 June 2012 an amount of $79,099 (2011: $37,124) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

The Company has also contracted the use of drill rigs to conduct drilling programs at 30 June 2012. The minimum payments under the drilling contracts amount to $254,499 (2011: $2,011,360).

NOTE 20: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax:

	2012 $	2011 $
Loss for the year	(3,192,941)	(3,388,858)
Add back – Non-cash items:		
Share based payments expense	1,022,696	720,678
Exploration expenditure written off due to sale/surrender	-	161,796
Non cash employee benefits expense	(1,382)	315,601
Depreciation and amortisation	42,597	43,876
Loss on sale of plant and equipment	-	11,923
Impairment expense	(85,155)	-
Profit on sale of non-current assets held for sale	136,899	-
Foreign exchange (gain)/loss	(620,597)	1,080,403
Changes in assets and liabilities		
Movement in trade and other receivables	(240,882)	12,548
Movement in inventories	(439,599)	14,099
Movement in trade and other payables	673,163	350,367
Movement in provisions	130,620	-
Cash flows used in operations	**(2,574,581)**	**(677,567)**

Non-cash financing and investing activities

	2012 $	2011 $
Shares issued on acquisition of mineral tenements	2,805,000	-

On 17 February 2012 the Company issued 3,000,000 ordinary shares as part consideration for certain prospecting permits in Guyana. The shares were valued at $0.935, being the closing trading price on the ASX on that date.

NOTE 21: RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Azimuth Resources Ltd and the subsidiaries listed in the following table:

	Country of Incorporation	Percentage Ownership 2012	2011
Delta Metals Pty Ltd	Australia	100%	100%
Takatu Minerals Limited	Canada	100%	100%
Pharsalus Gold BVI Inc	British Virgin Islands	100%	100%
Pharsalus BVI Inc	British Virgin Islands	100%	100%
Pharsalus Gold Inc	Guyana	100%	100%
Pharsalus Inc	Guyana	100%	100%

Azimuth Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Delta Metals Pty Ltd was incorporated on 1 January 2008 as a subsidiary of Azimuth for the purpose of investment in exploration assets. Azimuth holds 100% of the $1 interest in Delta Metals which has remained dormant since its incorporation. Delta Metals has no assets or liabilities at the reporting date or any revenue or expenses for the current and comparative reporting period.

Takatu Minerals Ltd was acquired on 14 January 2010.

Pharsalus Gold BVI Inc, Pharsalus BVI Inc, Pharsalus Gold Inc and Pharsalus Inc have financial year ends of 31 December.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the parent entity to pay dividends or loans.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Directors
Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Oyster Consulting Pty Ltd, a Company of which Mr Dean Felton is a Director, was paid Director's fees of $54,500 (2011: $35,000).

Javelin Minerals Inc, a Company in which Mr Dominic O'Sullivan has a beneficial interest, was paid fees totalling $225,000 (2011: $174,543).

Greatcity Corporation Pty Ltd, a Company in which Mr Richard Monti has a beneficial interest, was paid fees totalling $216,000 (2011: $138,548).

Dominic O'Sullivan was loaned $11,582 (2011: $0) for rent and utilities in Guyana, with a balance of $nil owing at 30 June 2012.

NOTE 22: SHARE BASED PAYMENTS

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

Share based payments	2012 $	2011 $
Options issued to directors	-	430,200
Options issued to employees	1,022,696	290,478
	1,022,696	720,678

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 22: SHARE BASED PAYMENTS (continued)

Employee and Consultant's Option Plan (ECOP)

The Company operates an ownership-based scheme for employees and consultants of the Group. In accordance with the provisions of the plan, approved by shareholders at a general meeting held in July 2010, employees and consultants who are considered critical to the Company's operations and management may be granted unlisted options to purchase shares in the Company, on terms set at the discretion of the Board, in consultation with the Nomination and Remuneration Committee.

Each option converts into one ordinary share of Azimuth Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is determined by the Nomination and Remuneration Committee, and subsequently approved by the Board. The assessment of the employees and consultants takes into account the key milestones achieved by the Company during the period and each employee or consultant's contribution towards those milestones.

The options expire approximately three years from the date of issue, or three months from the resignation of the employee or consultant, whichever is the earlier. The Board may utilise its discretion to allow resigning employees or consultants additional time in which the option may be exercised, within the original term of the option.

Directors are not included in the ECOP, as the Company obtains shareholder approval for all directors share based payments at general meetings.

On 24 October 2011 and 17 January 2012, the Company issued a total of 5,250,000 options under the Company's Employees and Consultants Option Plan ("ECOP").

Options issued to Directors and Employees

The details of the options issued to Directors and employees are as follows:

2012									
Granted		Terms & Conditions for each Grant						Vested	
Employees	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
ECOP Tranche 3	1,500,000	24/10/11	$0.2543	$0.70	30/09/14	24/10/11	30/09/14	1,500,000	100%
ECOP Tranche 3	1,500,000	24/10/11	$0.2264	$0.90	30/09/14	24/10/11	30/09/14	1,500,000	100%
ECOP Tranche 4	975,000	17/01/12	$0.3007	$0.70	17/01/15	17/01/13	17/01/15	-	-
ECOP Tranche 4	975,000	17/01/12	$0.2660	$0.90	17/01/15	17/01/13	17/01/15	-	-
ECOP Tranche 5	150,000	17/01/12	$0.3007	$0.70	17/01/15	17/01/12	17/01/15	150,000	100%
ECOP Tranche 5	150,000	17/01/12	$0.2660	$0.90	17/01/15	17/01/12	17/01/15	150,000	100%

AZIMUTH RESOURCES LTD
ABN : 87 089 531 082

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 22: SHARE BASED PAYMENTS (continued)

2011									
Granted		Terms & Conditions for each Grant						Vested	
Directors	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
M. Hunt	3,000,000	18/5/11	$0.1434	$0.371	30/4/14	18/5/11	30/4/14	3,000,000	100%
Employees									
ECOP Tranche 1	750,000	13/8/10	$0.0175	$0.10	31/8/12	13/8/10	31/12/12	750,000	100%
ECOP Tranche 1	625,000	13/8/10	$0.023	$0.10	13/8/13	14/8/11	13/8/13	-	-
ECOP Tranche 1	625,000	13/8/10	$0.028	$0.10	13/8/14	14/8/12	13/8/14	-	-
ECOP Tranche 2	750,000	30/5/11	$0.1634	$0.42	30/5/14	31/5/12	30/5/14	-	-
ECOP Tranche 2	750,000	30/5/11	$0.1634	$0.42	30/5/14	31/5/13	30/5/14	-	-

The movements of options issued under share based payment transactions are detailed below:

Date Granted	Expiry Date	Exercise Price	Number at beginning of year	Movement During Year: Issued	Exercised	Expired	Number at end of year	Issued under ECOP
14/1/10	31/12/12	$0.04	12,602,200	-	(8,817,580)	-	3,784,620	No
14/1/10	31/12/12	$0.18	9,900,000	-	(3,060,000)	-	6,840,000	No
19/1/10	31/12/12	$0.10	9,000,000	-	(7,166,666)	-	1,833,334	No
13/8/10	31/8/12	$0.10	750,000	-	(500,000)	-	250,000	Yes
13/8/10	13/8/13	$0.10	600,000	-	(425,000)	-	175,000	Yes
13/8/10	13/8/14	$0.10	600,000	-	-	(175,000)	425,000	Yes
18/5/11	30/4/14	$0.371	3,000,000	-	-	-	3,000,000	No
30/5/11	30/5/14	$0.42	1,500,000	-	-	-	1,500,000	Yes
24/10/11	30/09/14	$0.70	-	1,500,000	-	-	1,500,000	Yes
24/10/11	30/09/14	$0.90	-	1,500,000	-	-	1,500,000	Yes
17/01/12	17/01/15	$0.70	-	1,125,000	-	-	1,125,000	Yes
17/01/12	17/01/15	$0.90	-	1,125,000	-	-	1,125,000	Yes
			37,952,200	**5,250,000**	**(19,969,246)**	**(175,000)**	**23,057,954**	

During the year 19,969,246 options were exercised to take up ordinary shares (2011: 1,000,000). As at the year end the Company had a total of 23,057,954 (2011: 37,952,200) unissued ordinary shares on which options are outstanding with a weighted average exercise price of 32.9 cents (2011: 13.5 cents). The weighted average remaining contractual life of all share options outstanding at the end of the financial year is 1.2 years (2011: 1.7 years).

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 22: SHARE BASED PAYMENTS (continued)

Fair value of options granted

The fair value at grant date of the Director and ECOP options has been determined using a Black & Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The table below summarises the model inputs for Director and Employee options granted during the year:

Model Inputs	ECOP Tranche 3	ECOP Tranche 3	ECOP Tranche 4 & 5	ECOP Tranche 4 & 5
1. Options granted for no consideration:	1,500,000	1,500,000	1,125,000	1,125,000
2. Exercise price (cents):	70	90	70	90
3. Approval date:	24-Oct-11	24-Oct-11	17-Jan-12	17-Jan-12
4. Expiry date:	30-Sep-14	30-Sep-14	17-Jan-15	17-Jan-15
5. Underlying security spot price at approval date (cents):	49.5	49.5	58.5	58.5
6. Expected price volatility of the company's shares:	91%	91%	84%	84%
7. Expected dividend yield:	0%	0%	0%	0%
8. Risk-free interest rate	3.95%	3.95%	3.25%	3.25%
Black & Scholes Valuation per Option	0.2543	0.2264	0.3007	0.2660

The table below summarises the model inputs for Director and Employee options granted during the prior year:

Model Inputs	ECOP Tranche 1	ECOP Tranche 1	ECOP Tranche 1	ECOP Tranche 2	Director Options
1. Options granted for no consideration:	750,000	625,000	625,000	1,500,000	3,000,000
2. Exercise price (cents):	10	10	10	42	37.1
3. Approval date:	16/08/10	16/08/10	16/08/10	30/05/11	17/05/11
4. Expiry date:	31/08/12	14/08/13	14/08/14	30/05/14	30/04/14
5. Underlying security spot price at approval date (cents):	6	6	6	30	26.5
6. Expected price volatility of the company's shares:	75%	75%	75%	94%	94%
7. Expected dividend yield:	0%	0%	0%	0%	0%
8. Risk-free interest rate	4.50%	4.54%	4.62%	4.86%	5.10%
Black & Scholes Valuation per Option	0.0175	0.0233	0.0283	0.1634	0.1434

The expected price volatility is based on the 12 month historic volatility of the Company.

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) *Details of Key Management Personnel*

(i) Directors

Michael Hunt	Chairman (Non-Executive)
Richard Monti	Executive Director
Dominic O'Sullivan	Managing Director/Executive Director/President (Non-Executive from 1/7/12)
Dean Felton	Non-Executive Director
Terence Sean Harvey	Non-Executive Director (appointed 23 April 2012)

(ii) Executives

Paul Criddle	Chief Operations Officer
Joshua Ward	Company Secretary/Financial Controller

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Option holdings of Key Management Personnel

30 June 2012	Opening balance	Granted as remuner-ation	Options exercised	Net change Other [(1)]	Closing balance	Balance vested at 30 June	Vested but not exercisable	Vested and exercisable	Options vested during year
Directors									
Michael Hunt	3,000,000	-	-	-	3,000,000	3,000,000	-	3,000,000	-
Dominic O'Sullivan[(a)]	7,817,580	-	(7,817,580)	-	-	-	-	-	-
Dean Felton	333,334	-	-	-	333,334	333,334	-	333,334	-
Richard Monti[(b)]	2,500,000	-	(2,500,000)		-	-	-	-	-
T. Sean Harvey	-	-	-	-	-	-	-	-	-
Executives									
Paul Criddle	-	3,000,000	-	-	3,000,000	3,000,000	-	3,000,000	3,000,000
Joshua Ward	-	300,000	(500,000)	500,000	300,000	300,000	-	300,000	300,000
Total	**13,650,914**	**3,300,000**	**(10,817,580)**	**500,000**	**6,633,334**	**6,633,334**	**-**	**6,633,334**	**3,300,000**

(1) Options held at time of becoming Key Management Personnel

30 June 2011	Opening balance	Granted as remuner-ation	Options exercised	Net change Other [(1)]	Closing balance	Balance vested at 30 June	Vested but not exercisable	Vested and exercisable	Options vested during year
Directors									
Bruce Larson[(1)]	1,000,000	-	-	(1,000,000)	-	-	-	-	1,000,000
Michael Hunt	-	3,000,000	-	-	3,000,000	3,000,000	-	3,000,000	3,000,000
Dominic O'Sullivan[(a)]	7,817,580	-	-	-	7,817,580	7,817,580	-	7,817,580	5,000,000
Dean Felton	333,334	-	-	-	333,334	333,334	-	333,334	333,334
Richard Monti	2,500,000	-	-	-	2,500,000	2,500,000	-	2,500,000	1,500,000
Total	**11,650,914**	**3,000,000**	**-**	**(1,000,000)**	**13,650,914**	**13,650,914**	**-**	**13,650,914**	**10,833,334**

(1) Options held upon resignation as a director.

(c) Shareholdings of Key Management Personnel

30 June 2012	Opening balance	Granted as remuner-ation	Options exercised	Net change Other (i)	Closing balance	Balance held nominally
Directors						
Michael Hunt	677,631	-	-	55,000	732,631	732,631
Dominic O'Sullivan[(a)]	23,468,428	-	7,817,580	(3,000,000)	28,286,008	27,286,008
Dean Felton	167,262	-	-	-	167,262	-
Richard Monti	6,543,651	-	2,500,000		9,043,651	9,043,651
T. Sean Harvey	-	-	-	-	-	-
Executives						
Paul Criddle	-	-	-	-	-	-
Joshua Ward	409,139	-	500,000	-	909,139	-
Total	**31,266,111**	**-**	**10,817,580**	**(2,945,000)**	**39,138,691**	**37,062,290**

(i) Michael Hunt purchased 55,000 shares on market. Dominic O'Sullivan sold 1,000,000 shares on market and transferred 2,000,000 shares off-market.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(c) Shareholdings of Key Management Personnel (continued)

30 June 2011	Opening balance	Granted as remuner-ation	Options exercised	Net change Other (1)	Closing balance	Balance held nominally
Directors						
Bruce Larson(1)	735,000	-	-	(735,000)	-	-
Michael Hunt	100,000	-	-	577,631	677,631	677,631
Dominic O'Sullivan(a)	23,205,928	-	-	262,500	23,468,428	23,468,428
Dean Felton	62,000	-	-	105,262	167,262	-
Richard Monti(b)	5,966,020	-	-	577,631	6,543,651	6,543,651
Total	**30,068,948**	**-**	**-**	**788,024**	**30,856,972**	**30,689,710**

(1) Bruce Larson retired as a director during the year. Net change is balance held at date of retirement.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(j) Loans to Key Management Personnel

During the period, a total of AUD$25,745 (GYD$5,149,082) (2011: AUD$13,125 (GYD$2,640,576)) was loaned to, and repaid by Dominic O'Sullivan. There are no amounts outstanding at 30 June 2012 (2011:Nil).

During the period, a total of AUD$7,763 (GYD$1,552,674) (2011: Nil) was loaned to, and repaid by Paul Criddle. There are no amounts outstanding at 30 June 2012 (2011:Nil).

Terms and Conditions of loans

Loans to directors and executives are advances on salary payments provided by Pharsalus Gold Inc, and are interest free. Loans are generally repaid the month following, or deducted from the KMP's subsequent monthly pay.

NOTE 24: PARENT ENTITY DISCLOSURE

Financial Position

	2012 $	2011 $
Assets		
Current assets	6,486,782	8,080,502
Non-current assets[1]	47,305,476	23,162,890
Total assets	**53,792,258**	**31,243,392**
Liabilities		
Current liabilities	612,140	451,989
Non-current liabilities	-	-
Total liabilities	**612,140**	**451,989**

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 24: PARENT ENTITY DISCLOSURE (continued)

	2012 $	2011 $
Equity		
Issued capital	61,561,578	38,676,903
Accumulated losses	(10,536,240)	(9,875,350)
Share Based Payment Reserve	2,154,780	1,989,850
Total equity	**53,180,118**	**30,791,403**
Financial Performance		
Loss for the year	(1,518,657)	(2,729,124)
Other comprehensive income	-	-
Total comprehensive loss	**(1,518,657)**	**(2,729,124)**

The parent entity has not provided any guarantees, and does not have any capital commitments or contingent liabilities at 30 June 2012.

(1) Non current assets include intercompany loans owed from subsidiary companies which are considered recoverable based on exploration results to date.

NOTE 25: AUDITORS' REMUNERATION

	2012 $	2011 $
Amounts payable to auditor of parent entity		
Audit services - payable to HLB Mann Judd	43,470	30,000
Audit services – payable to Butler Settineri	-	3,631
Non Audit Services	-	-
	43,470	**33,631**
Amounts paid or payable to auditors of subsidiaries		
Audit services	7,743	5,189
Non Audit Services	-	-
	7,743	**5,189**

NOTE 26: SEGMENT REPORTING

Identification of reportable segments
The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the location of activity. Discrete financial information about each of these locations is reported to the Board of Directors on at least a monthly basis.

NOTE 26: SEGMENT REPORTING (continued)

Reportable segments requiring disclosure are operating segments that meet any of the following thresholds:

- Segment loss greater than 10% of combined loss of loss making operating segments; and
- Segment assets greater than 10% of combined assets of all operating segments.

In accordance with AASB 8, the reportable segments are based on aggregated operating segments determined by the similarity of the locations, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an all other segments reporting segment. In accordance with AASB 8 Segment Reporting corporate and administration activities are included in the 'all other segments' reporting segment.

Geographical Segment – primary reporting segment

The Group has 2 reportable segments, being Guyanese gold exploration and 'All Other Segments', which consists of Australian exploration and evaluation and corporate and administrative costs, which are the Group's strategic business units. The strategic business units are monitored separately because they are governed by different regulatory regimes.

Revenues included in 'All Other Segments' relate predominantly to bank interest.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

The following is an analysis of the Group's revenue and results by reportable segment:

2012	Guyana $	Other segments $	Consolidated $
Segment revenues	22,015	758,482	780,497
Segment loss	(1,008,730)	(2,184,211)	(3,192,941)

Segment revenue reported above represents revenue generated from gold sales, foreign currency exchange gain and profit on sale of non-current asset held for sale. Inter-segment revenues/expenses totalling $90,000 in relation to corporate and management service fees $575,555 in relation to interest on intercompany loans have been eliminated from the above disclosure.

Segment assets	51,432,987	6,546,375	57,979,362
Segment liabilities	(6,876,310)	(612,139)	(7,488,449)

Other segment information included in segment loss

Amortisation	(7,154)	-	(7,154)
Central administration costs and directors fees	(157,734)	(1,269,916)	(1,427,650)
Depreciation	(29,581)	(5,863)	(35,444)
Interest received	1,899	613,364	615,263
Interest paid	-	(130)	(130)

Notes to the Financial Statements
For the year ended 30 June 2012

NOTE 26: SEGMENT REPORTING (continued)

2011	Guyana $	Other segments $	Consolidated $
Segment revenues	37,451	284,227	321,678
Segment loss	(659,734)	(2,729,124)	(3,388,858)

Segment revenue reported above represents revenue generated from interest, gold sales and a foreign currency exchange gain on an intercompany loan. There were no inter-segment revenues or expenses during the year ended 30 June 2011.

Segment assets	28,103,201	8,084,129	36,187,330
Segment liabilities	(5,984,053)	(451,990)	(6,436,043)

Other segment information included in segment loss

Depreciation	(32,588)	(3,703)	(36,291)
Amortisation	(7,585)	-	(7,585)
Interest revenue	526	284,157	284,683

NOTE 27: SUBSEQUENT EVENTS

On 1 July 2012 Mr Dominic O'Sullivan resigned as an executive director, however he will continue in a non-executive capacity, and provide services on a consultancy basis.

On 10 August 2012, 17,142,857 shares at $0.35 per share were issued to sophisticated and institutional investors, raising $6,000,000 before costs.

On 21 August 2012, a total of 250,000 unlisted options were exercised at 10 cents each, providing funding of $25,000 to the Group.

On 18 September 2012, the Company announced the acquisition of 576km^2 at the Company' East and West Omai projects, for staged cash and share payments to various vendors.

Other than the above, no matters or circumstances have 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 subsequent financial years.

NOTE 28: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2012 (2011: Nil).

AZIMUTH
RESOURCES LTD
ABN : 87 089 531 082

Directors' Declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 37 to 70 are 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 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements, and other mandatory requirements;

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

c) the financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2012.

This declaration is made in accordance with a resolution of the Directors pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Board

Richard Monti
Executive Director
Perth
26 September 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Azimuth Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Azimuth Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1A, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of Azimuth Resources Limited for the financial year ended 30 June 2012 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

Auditor's opinion

In our opinion:

(a) the financial report of Azimuth Resources Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1A.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. 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.

Auditor's opinion

In our opinion the remuneration report of Azimuth Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

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Perth, Western Australia
26 September 2012

L DI GIALLONARDO
Partner