



AZIMUTH

RESOURCES LTD

ABN : 87 089 531 082

Condensed Half-Year Financial Report

for the half-year ended 31 December 2012

CONDENSED HALF-YEAR FINANCIAL REPORT
For the Half-Year Ended 31 December 2012

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DIRECTORS

Michael Hunt
(Non-Executive Chairman)

Richard Monti
(Executive Director)

Dean Felton
(Non-Executive Director)

Terence Sean Harvey
(Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Russell Clark

COMPANY SECRETARY

Joshua Ward

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Telephone: +618 9323 2000

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SECURITIES EXCHANGE LISTING - AUSTRALIA

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: AZH

SECURITIES EXCHANGE LISTING - CANADA

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

CONDENSED HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Your directors present their report of Azimuth Resources Limited for the half-year ended 31 December 2012, in order to comply with the provisions of the Corporations Act 2001.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Michael Hunt (Chairman)
Richard Monti (Executive Director)
Dean Felton (Non-Executive Director)
Dominic O'Sullivan (Non-Executive Director) (resigned 31 October 2012)
Terence Sean Harvey (Non-Executive Director)

REVIEW OF OPERATIONS

Guyana Projects

Azimuth Resources Limited, through its subsidiaries controls two projects in Guyana. These are:

- **The West Omai Gold Project** - An advanced exploration project covering a 40km strike portion of the same structural stratigraphic corridor which hosts the Omai gold mine (3.7 million ounces produced), located 15km to the east. It has a pipe line of drill, near drill and greenfields gold targets, which include:
 - The Hicks Deposit - a JORC code / National Instrument 43-101 compliant shallow resource totalling 8.7 million tonnes at 2.1 g/t Au for 571,000 ounces at a 1.0g/t Au cut off, with untested strike and depth extensions.
 - The Smarts Deposit - a JORC code / National Instrument 43-101 compliant shallow resource totalling 8.1 million tonnes at 4.2 g/t Au for 1,077,000 ounces at a 1.0g/t Au cut off.
 - The Kaburi Prospect - a 400m diameter shallow open pit working which is the single largest artisanal working in Guyana. Having been mined intermittently since 1912 Kaburi is also the largest bedrock gold opening in Guyana after the Omai gold mine. The Kaburi prospect was drill tested by Azimuth in early 2012, with a best result of 9 metres @ 9.2 g/t Au, and warrants further exploration.
 - The Larken Prospect – drilling results received in January 2013 from drilling at the Larken Prospect returned a best result of 12m @ 4.8g/t Au. The Company is further drill testing this prospect in 2013.
 - Substantial and extensive artisanal alluvial workings along the 'Aurora/Gem Creek' trend and prospects located in streams parallel to the 'Hicks/Smarts/Kaburi' trend worked for alluvial gold and significant Government survey delineated stream sediment anomalies, which appear to coincide with several crustal scale structures defined by geophysics.
- **East Omai Gold Project** - A greenfields exploration project, comprising a largely covered 80km zone by 60 km width portion of the main Guiana Shield gold belt, with potential to host not only several major gold deposits but entire mining precincts.

DIRECTORS' REPORT (Continued)
 For the Half-Year Ended 31 December 2012

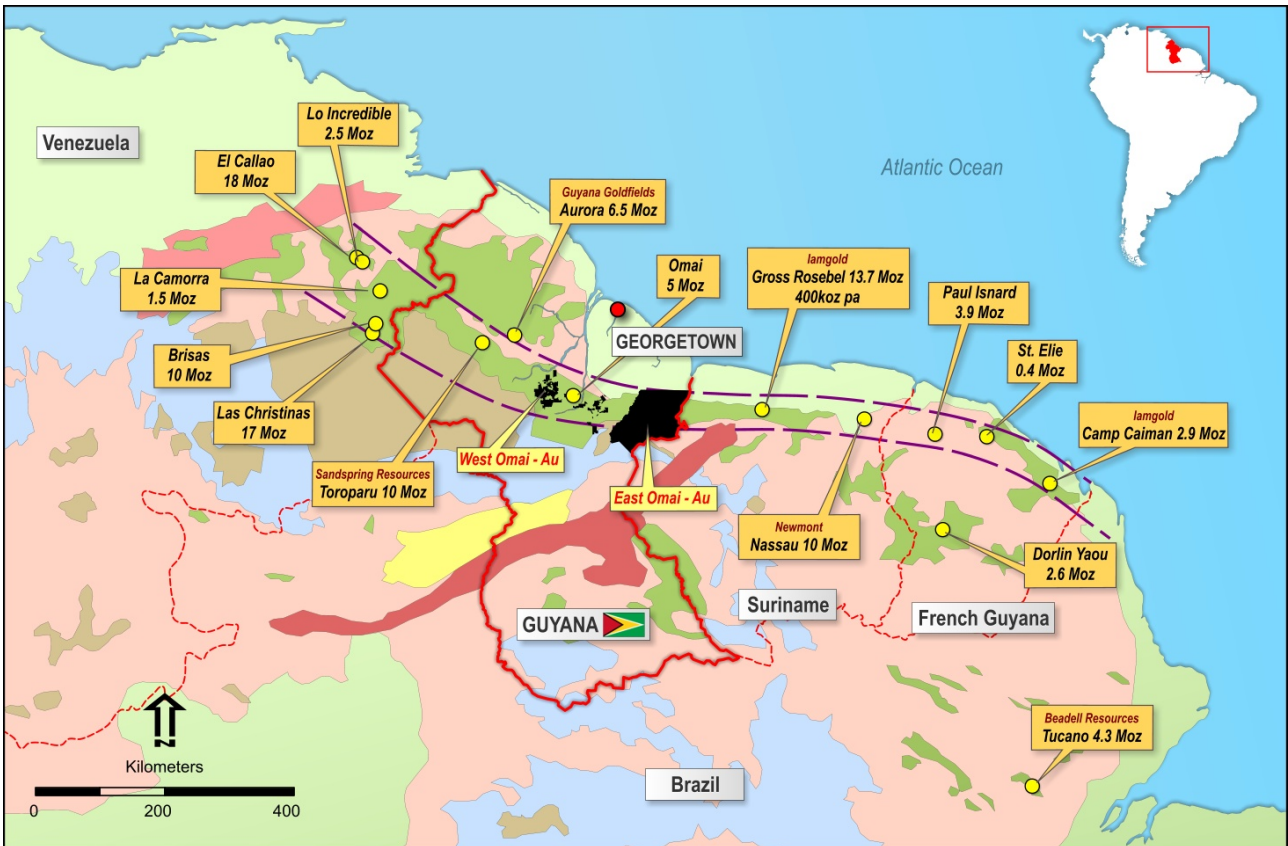


Figure 1 Location of Azimuth tenements in Guyana, shown in relation to the main 1200km long Guyana shield gold belt which contains an endowment of >110 million ounces.

West Omai Gold Project

The focus of exploration at West Omai over the half-year ended 31 December 2012 has been the 10 kilometre by 2 kilometre wide portion of the Omai-Hicks-Kaburi corridor between Hicks and Kaburi to further define the resource at Hicks and Smarts, and systematic regional exploration and drilling of regional targets within a 10km radius of the Hicks and Smarts deposits.

Hicks Deposit

A resource definition program of approximately 7,000m of RC drilling was completed in January 2012, designed to produce a maiden JORC code compliant resource. The maiden inferred gold resource of 7.4Mt @ 2.0g/t Au for 470,000 ounces at a cut off of 0.5g/t Au was released in May 2012.

To date, a total of 372 drill holes and trenches for a total of 42,638 metres of drilling and trenching have been completed in the main Hicks zone, and in February 2013, the Company released an updated inferred gold resource of 8.7Mt @ 2.1g/t Au for 571,000 ounces at a 1.0g/t Au cut off. Hicks mineralisation remains open at depth and along strike. Figure 2 displays the wireframes of mineralisation for the current Hicks inferred gold resource.

DIRECTORS' REPORT (Continued)
For the Half-Year Ended 31 December 2012

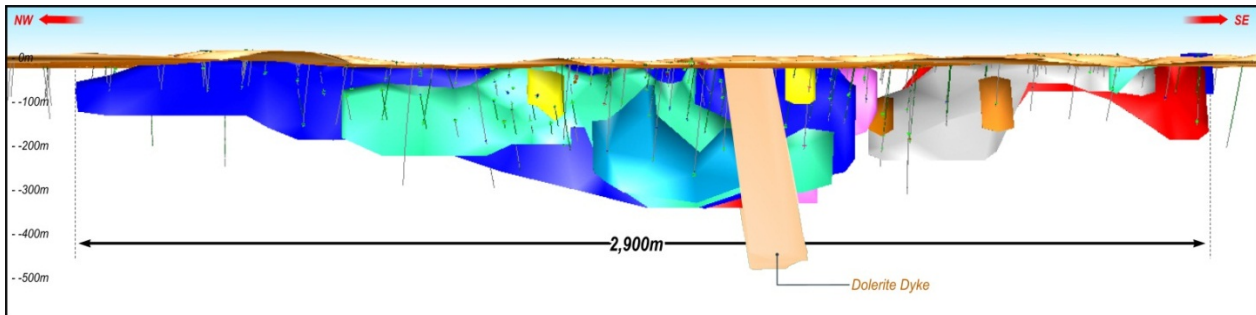


Figure 2: Long Section View of Hicks Resource Wireframes.

To date the Company has been highly encouraged by the results received and these results are consistent with historic diamond drilling and remodelling of the deposit using historic data.

Preliminary metallurgical test work results on the Hicks deposit are highly encouraging, with cyanidation test work yielding average recoveries of 93.3% and 92.8% in oxidised and fresh material respectively. Gravity test work averages revealed average recoveries of 7% in oxide and 16% in fresh material. The results in both programs were extremely positive, indicating that as appears the case with Smarts, gold mineralisation is not refractory and both oxide and fresh material will be amenable to treatment by conventional CIP or CIL processing methods.

Smarts Deposit

The Smarts prospect was an artisanal open pit in saprolite approximately 50m wide by 120m in strike and less than 10m deep which was mined in the mid to late 1990s. The pit lies to the northwest of Hicks within the same structural control as the Hicks Deposit.

In March 2011, Azimuth initiated a drilling program at Smarts, with first results intercepting 29m @ 14.3g/t Au. The Directors were highly encouraged by these initial results and continued to drill along strike, extending the known length of mineralisation at Smarts to over 4km by June 2011.

In May 2012, the Company released a maiden inferred gold resource of 5.0Mt @ 4.6g/t Au for 750,000 ounces contained gold at a 0.5g/t Au cut off.

To date, over 81,000m of RC and diamond drilling and trenching has been performed at Smarts. Of that, 95 diamond and 154 RC holes for a total of 2,335m have been used in the current inferred resource estimate, released in February 2013, which stands at 8.1Mt @ 4.2g/t Au for 1,077,000 gold ounces at a 1.0g/t Au cut off.

The SE extent of the Smarts resource wireframe is currently 1.2km from the NW extent of the Hicks resource wireframe. The wireframe of the February 2013 inferred resource estimate as compared to the May 2012 inferred resource estimate is represented in Figure 3.

DIRECTORS' REPORT (Continued)
 For the Half-Year Ended 31 December 2012

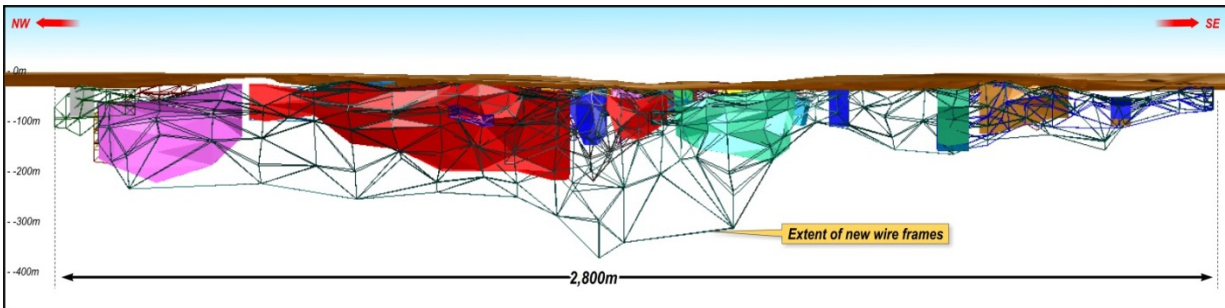


Figure 3: Long Section View of new Smarts Resource Wireframes, compared to May 2012 resource shown as coloured blocks.

The main lode from the February 2013 resource estimate represents 80% of the contained ounces. The higher grades in the deposit start from surface, as shown in Figure 4.

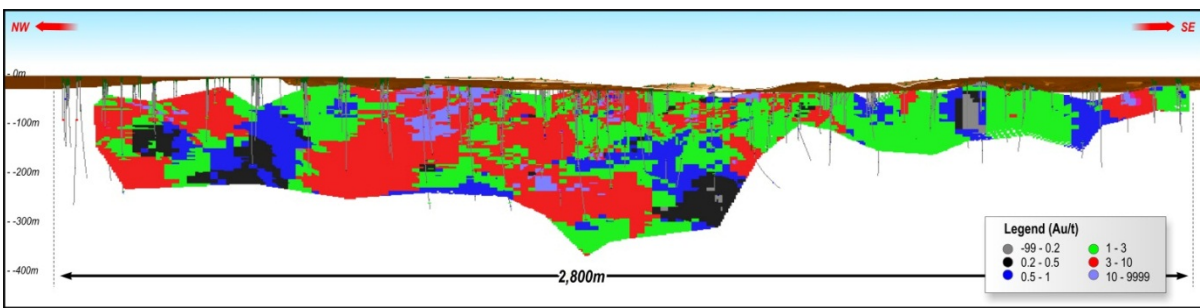


Figure 4: Long Section View of the Main Smarts Lode Coloured by Au Grade (g/t)

Preliminary metallurgical test work results on the Smarts deposit are highly encouraging, with cyanidation test work yielding average recoveries of 93.7% and 92.5% in oxidised and fresh material respectively. Gravity test work averages revealed average recoveries of 38.3% in oxide and 33.1% in fresh material. The results in both programs indicate that gold mineralisation is not refractory and both oxide and fresh material will be amenable to treatment by conventional CIP or CIL processing methods.

Regional Exploration

On 10 January 2013, the Company announced high grade shallow RC drilling results from the Larken Prospect, less than 1km to the North East of the Hicks Deposit on what appears to be a sub-parallel structure. Best results included 12m @ 4.8g/t Au from 25 metres and 5 metres at 2.5g/t Au from 91 metres. These results, when combined with the recently reprocessed and interpreted aeromagnetics illustrate the prospectivity of the West Omai region and specifically, the potential for additional high grade gold bearing structures in close proximity to the Smarts and Hicks Deposits.

Airborne Radiometric and Gravimetric Survey

Processing of airborne geophysical surveys that were previously flown continues and re-processed data delivered to the Company in early Q4 2012 was used in planning and targeting a scout drilling program at East Omai during the quarter.

DIRECTORS' REPORT (Continued)
For the Half-Year Ended 31 December 2012

East Omai Gold Project

During the half year to 31 December 2012, the Company completed its first drill testing of East Omai of 12 holes for 938 metres, using both RC and AC configurations. This represented a major milestone for the Company, demonstrating the capability of the Azimuth team to establish remote camps, plan and execute drilling programs on this previously untested and extremely large area. Assay results for the drilling program completed in the period are awaited.

Amakura Uranium Project

The Company did not perform any exploration work on the Amakura Project during the period and decided not to undertake any further exploration activity on the project. Capitalised exploration and evaluation assets totalling \$2.6m were written off during the period. On the permit rental anniversary date in February 2013, the Company did not renew the Amakura project permit.

Outlook

Following the release of the updated Smarts and Hicks inferred gold resources in February 2013, the Company anticipates 2013 activities will include components of infill drilling at the Smarts deposit to achieve an upgrade in the classification of certain shallow high grade sections of the resource, as well as the systematic testing and follow up on targets within the West Omai project, and further exploration at the East Omai project.

Together with increasing the size of, and confidence in the Smarts and Hicks resources, Azimuth intends to keep progressing key project studies.

Australian Projects

During the period, Azimuth disposed of its remaining Australian non-core asset, its interest in the Pandanus West Uranium Project, for \$20,000 and a 1% net smelter royalty.

Corporate

The net loss for the period after tax was \$5,302,896 (2011: \$1,309,404).

During the half year to 31 December 2012, Azimuth completed a \$6.0 million placement to institutional investors at \$0.35 per share.

Dominic O'Sullivan resigned on 31 October 2012.

DIRECTORS' REPORT (Continued)
For the Half-Year Ended 31 December 2012

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration for the half-year ended 31 December 2012 is set out on page 8.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to section 306(3) of the Corporations Act 2001.



Richard Monti
Executive Director

Dated this 14 day of March 2013.

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 Ltd. 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 such information and approves such 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 RungePincockMinarco 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 Azimuths 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 30 May 2012.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Azimuth Resources Ltd for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
14 March 2013

L DI GIALLONARDO
Partner, HLB Mann Judd

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Half-Year Ended 31 December 2012

	31 December 2012 \$	31 December 2011 \$
<i>Revenue</i>		
Gold sales	8,852	8,128
Interest income	149,386	268,342
Profit on sale of non-current assets held for sale	-	87,172
Profit on sale of other non-current assets	20,000	-
Profit on sale of plant and equipment	120,953	-
Foreign exchange gain	-	403,358
	<u>299,191</u>	<u>767,000</u>
<i>Expenses</i>		
Administration expense	(259,798)	(317,686)
Compliance and regulatory expense	(704,715)	(314,650)
Consultancy expense	(125,381)	(99,740)
Directors' fees	(297,775)	(309,241)
Employee benefit expense	(270,549)	(83,784)
Share based payments expense	(659,267)	(721,050)
Occupancy expense	(66,158)	(151,222)
Public relations expense	(43,488)	(20,752)
Depreciation and amortisation expense	(31,956)	(15,610)
Foreign exchange loss	(661,744)	-
Loss on sale of plant and equipment	-	(42,006)
Write off of prepayments	(268,923)	-
Write off exploration and evaluation assets	2 (2,560,471)	-
Exploration expenses incurred	(5,535)	(663)
Loss before income tax expense	(5,656,569)	(1,309,404)
Income tax gain/(expense)	353,673	-
Net loss for the period	<u>(5,302,896)</u>	<u>(1,309,404)</u>
Other comprehensive income		
<i>Items that may be classified to profit or loss</i>		
Exchange differences on translation of foreign operations	26,926	40,945
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period, net of tax	<u>26,926</u>	<u>40,945</u>
Total comprehensive loss for the half-year attributable to the members	<u>(5,275,970)</u>	<u>(1,268,459)</u>
Basic loss per share (cents per share)	(1.27)	(0.36)

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Note	31 December 2012 \$	30 June 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,458,703	7,996,483
Trade and other receivables		1,147,888	121,159
Inventories		614,611	447,927
Prepayments and deposits		402,920	739,006
Total current assets		<u>6,624,122</u>	<u>9,304,575</u>
Non-current assets			
Trade and other receivables		26,056	26,056
Leasehold improvements		6,258	9,998
Plant and equipment		2,366,768	2,272,185
Exploration and evaluation expenditure	2	<u>52,289,646</u>	<u>46,366,549</u>
Total non-current assets		<u>54,688,728</u>	<u>48,674,788</u>
TOTAL ASSETS		<u>61,312,850</u>	<u>57,979,363</u>
LIABILITIES			
Current liabilities			
Trade and other payables		<u>2,954,214</u>	<u>1,466,374</u>
Total current liabilities		<u>2,954,214</u>	<u>1,466,374</u>
Non-current liabilities			
Other liabilities		568,167	130,620
Deferred tax liabilities		<u>5,537,782</u>	<u>5,891,455</u>
Total non-current liabilities		<u>6,105,949</u>	<u>6,022,075</u>
TOTAL LIABILITIES		<u>9,060,163</u>	<u>7,488,449</u>
NET ASSETS		<u>52,252,687</u>	<u>50,490,914</u>
EQUITY			
Issued capital	3	67,940,056	61,561,578
Reserves		2,364,483	2,050,475
Accumulated losses		<u>(18,051,852)</u>	<u>(13,121,139)</u>
TOTAL EQUITY		<u>52,252,687</u>	<u>50,490,914</u>

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the Half-Year Ended 31 December 2012

	Issued Capital \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2011	38,676,903	1,989,850	(129,502)	(10,785,964)	29,751,287
Loss for the period	-	-	-	(1,309,404)	(1,309,404)
Other comprehensive income	-	-	40,945	-	40,945
Total comprehensive loss for the period	-	-	40,945	(1,309,404)	(1,268,459)
Contributions of equity	19,374,717	-	-	-	19,374,717
Capital raising costs	(1,007,711)	-	-	-	(1,007,711)
Share based payments	-	721,050	-	-	721,050
Exercise of options	536,800	(117,291)	-	117,291	536,800
Balance at 31 December 2011	57,580,709	2,593,609	(88,557)	(11,978,077)	48,107,684
Balance at 1 July 2012	61,561,578	2,154,780	(104,305)	(13,121,139)	50,490,914
Loss for the period	-	-	-	(5,302,896)	(5,302,896)
Other comprehensive income	-	-	26,926	-	26,926
Total comprehensive loss for the period	-	-	26,926	(5,302,896)	(5,275,970)
Contributions of equity	6,225,000	-	-	-	6,225,000
Capital raising costs	(307,594)	-	-	-	(307,594)
Share based payments	-	462,446	-	-	462,446
Exercise of options	461,072	(237,935)	-	237,935	461,072
Vesting of options	-	196,819	-	-	196,819
Expiry/forfeiture of options	-	(134,248)	-	134,248	-
Balance at 31 December 2012	67,940,056	2,441,862	(77,379)	(18,051,852)	52,252,687

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2012

	31 December 2012 \$	31 December 2011 \$
<i>Cash flows from operating activities</i>		
Payments to suppliers	(1,453,391)	(1,595,308)
Receipts from customers	123,151	60,623
Interest income	288,342	197,941
Net cash used in operating activities	<u>(1,041,898)</u>	<u>(1,336,744)</u>
<i>Cash flows from investing activities</i>		
Payments for exploration and evaluation assets	(8,163,784)	(5,760,609)
Purchase of plant and equipment	(504,899)	(572,314)
Proceeds from sale of plant and equipment	92,777	-
Proceeds from sale of exploration and evaluation assets	-	225,000
Profit on sale of other non-current assets	20,000	-
Net used in investing activities	<u>(8,555,906)</u>	<u>(6,107,923)</u>
<i>Cash flows from financing activities</i>		
Proceeds from share subscriptions	-	160,000
Proceeds from issue of shares	6,461,072	19,911,517
Capital raising costs	(307,594)	(1,007,710)
Net cash provided by financing activities	<u>6,153,478</u>	<u>19,063,807</u>
Net increase/(decrease) in cash held	(3,444,326)	11,619,140
Cash and cash equivalents at beginning of period	7,996,483	8,022,913
Foreign exchange differences on cash balances	(93,454)	(38,426)
Cash and cash equivalents at end of reporting period	<u>4,458,703</u>	<u>19,603,627</u>

The accompanying notes form part of this financial report.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

This general purpose condensed financial report for the half-year ended 31 December 2012 has been prepared in accordance with requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 347: Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the entity as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Azimuth Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(b) Basis of Preparation

The half-year report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2012, and corresponding interim reporting period.

(c) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2012.

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
For the Half-Year Ended 31 December 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(e) Going Concern

The Group has a net working capital surplus of \$3,669,908 at balance date and has received \$1,080,000 from the exercise of options since balance date. However, the Group incurred a net loss of \$5,302,896 for the half-year ended 31 December 2012 and has committed to significant exploration expenditure on its projects in Guyana.

The ability of the Group to continue as a going concern for the coming year is dependent on its ability to successfully raise additional capital for further exploration activity and development. The directors are confident that the Group will be able to successfully raise sufficient capital to enable it to continue as a going concern for at least the period of 12 months from the signing of the half-year financial report. If the Group is unable to raise sufficient capital for these purposes, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
For the Half-Year Ended 31 December 2012

2. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2012	30 June 2012
	\$	\$
Exploration and evaluation expenditure, at cost	<u>52,289,646</u>	<u>46,366,549</u>

Reconciliation:

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

Balance at beginning of period	46,366,549	26,120,656
Foreign exchange variations taken to reserves	(455,060)	463,936
Additions	8,938,628	19,781,957
Write off of exploration assets (i)	<u>(2,560,471)</u>	-
Total deferred exploration and evaluation expenditure	<u>52,289,646</u>	<u>46,366,549</u>

- (i) The write off relates to costs carried forward on the Amakura Uranium Project due to the Company deciding to cease exploration and not renew the permit for the project.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

3. ISSUED CAPITAL

- (a) Fully Paid Ordinary Shares

	31 December 2012	
	Number of Shares	\$
Fully paid ordinary shares	<u>424,626,680</u>	<u>67,940,056</u>
	424,626,680	67,940,056

- (b) Movements in fully paid shares on issue

Balance as at 1 July 2012	401,518,304	61,561,578
Placement	17,142,857	6,000,000
Issued as part consideration for mineral properties in Guyana	500,000	225,000
Exercise of options	5,465,519	461,072
Capital raising costs	-	(307,594)
Balance at 31 December 2012	<u>424,626,680</u>	<u>67,940,056</u>

- (c) Options

At 31 December 2012, there were 15,172,581 (2011: 37,192,200) un-issued ordinary shares for which options were outstanding.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
For the Half-Year Ended 31 December 2012

3. ISSUED CAPITAL (CONTINUED)

During the period, 5,272,581 (2011: 3,000,000) unlisted options were issued, 11,486,794 unlisted options were exercised (2011: 3,760,000) and 1,671,160 (2011: Nil) unlisted options expired or were forfeited.

	31 December 2012	31 December 2011
	No. of Options	No. of Options
Balance at 1 July	23,057,954	37,952,200
Issue of Director Options	3,572,581	-
Issue of ECOP options	1,700,000	3,000,000
Exercise of options ^(a)	(11,486,794)	(3,760,000)
Expiry/forfeiture of options	(1,671,160)	-
Balance at 31 December	<u>15,172,581</u>	<u>37,192,200</u>

(a) At 31 December 2012, instructions for exercise of 6,000,000 options were received however cleared funds had not been received by the Company. The exercised options are included in the total above however shares were not issued until funds cleared on 6 January 2013.

4. SEGMENT INFORMATION

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 makers) 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.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
For the Half-Year Ended 31 December 2012

4. SEGMENT INFORMATION (CONTINUED)

Geographical Segment – primary reporting segment

The Group has 2 reportable segments, being Guyanese exploration and evaluation 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.

Information about reportable segment loss, assets and reconciliation to Group loss

31 December 2012	Guyana	All other segments	Consolidated
	\$	\$	\$
Segment revenue	129,873	169,318	299,191
Segment result	(3,002,798)	(2,300,098)	(5,302,896)
Segment assets	56,808,716	4,504,134	61,312,850
Segment liabilities	(7,387,477)	(1,672,686)	(9,060,163)
31 December 2011	Guyana	All other segments	Consolidated
	\$	\$	\$
Segment revenue	9,579	757,421	767,000
Segment result	(458,620)	(850,784)	(1,309,404)
Segment assets	36,608,389	18,738,816	55,347,205
Segment liabilities	(6,305,189)	(934,332)	(7,239,521)

5. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 31 December 2012, and to the date of this report, the Company allotted a total of 6,000,000 shares upon the exercise of options, notice of which was received prior to 31 December 2012. The Company received proceeds of \$1,080,000 in relation to these issues.

On 29 January 2013, the Company announced the appointment of Russell Clark as Chief Executive Officer.

On 7 February 2013, the Company announced an increase to its inferred gold resource at its West Omai gold project in Guyana to 16.7Mt @ 3.1g/t Au for 1.65Moz at a 1.0g/t Au cut off.

Apart from the above, the Directors are not aware of any matter or circumstances that has arisen since 31 December 2012 which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)
For the Half-Year Ended 31 December 2012

6. CONTINGENT ASSETS AND LIABILITIES

There are no material contingent assets or liabilities that exist as at the reporting date.

DIRECTORS' DECLARATION
For the Half-Year Ended 31 December 2012

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 18 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Richard Monti
Executive Director

Dated this 14 day of March 2013

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Azimuth Resources Ltd

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying condensed half-year financial report of Azimuth Resources Ltd ("the company"), which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the Group for the half-year ended 31 December 2012 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 review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Azimuth Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(e) to the financial report which indicates that the Group is dependent on raising additional capital to enable it to continue as a going concern for at least the period of 12 months from the signing of the half-year financial report. If the Group is unable to raise sufficient funding, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.



HLB MANN JUDD
Chartered Accountants



L DI GIALLONARDO
Partner

Perth, Western Australia
14 March 2013