



Azure Minerals Limited
ABN 46 106 346 918
Notice of Annual General Meeting
and Explanatory Memorandum

Date of Meeting

24 November 2020

Time of Meeting

1pm (WST)

Place of Meeting

The Park Business Centre
45 Ventnor Avenue
West Perth WA 6005

A Proxy Form is enclosed

Please read this Notice of Annual General Meeting and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

Azure Minerals Limited

ABN 46 106 346 918

Notice of Annual General Meeting

NOTICE IS GIVEN that an Annual General Meeting of Shareholders of Azure Minerals Limited ABN 46 106 346 918 (**Company**) will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth on 24 November 2020 at 1pm (WST) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice. Terms used in the Resolutions contained in this Notice have the meaning given to them in the glossary in the Explanatory Memorandum.

Agenda

Financial Reports

To receive and consider the financial report of the Company, together with the Directors' Report and the Auditor's Report for the year ended 30 June 2020, as set out in the Annual Report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding ordinary resolution**:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2020 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution 1.

Voting prohibition statement: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member. However, a person (the **voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution 1; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Election of Mr Hansjörg Plaggemars as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.5 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Hansjörg Plaggemars, a Director who was appointed casually on 26 November 2019, retires, and being eligible, is elected as a Director."

Resolution 3 – Election of Mr Wayne Bramwell as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.5 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Wayne Bramwell, a Director who was appointed casually on 13 October 2020, retires, and being eligible, is elected as a Director."

Resolution 4 – Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of up to that number of Equity Securities equal to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Resolution 5 – Replacement of Constitution

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chairman for identification purposes, with effect from the close of the Meeting."

Resolution 6 – Non-Executive Directors' Remuneration

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of clause 13.8 of the Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve that the maximum aggregate amount of remuneration that may be paid to the Company's non-executive Directors per annum is increased by \$200,000, from \$200,000 per annum to \$400,000 per annum, in accordance with the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director of the Company or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Other business

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

By order of the Board

Brett Dickson

Company Secretary

Dated: 19 October 2020

How to vote

Voting on all proposed Resolutions at the Meeting will be conducted by poll. Under the Constitution, any poll will be conducted as directed by the Chair.

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their Proxy Form online, by mobile, by post or by facsimile.

Voting in person or by attorney

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. A certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Written proof of the representative's appointment (including any authority under which it is signed) must be lodged with, or presented to the Company before the Meeting.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder. The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a member of the Key Management Personnel or a Closely Related Party of such a member is appointed as a proxy, the proxy may only vote on Resolutions 1 and 6 if the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
 - If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
 - A Shareholder who returns their Proxy Form with a direction how to vote, but does not nominate the identity of their proxy, will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned with a direction how to vote, but the nominated proxy (who is not Chairman of the Meeting) does not attend the Meeting or does not vote on the relevant Resolution(s), the Chairman of the Meeting will act in place of the nominated proxy and vote on a poll in accordance with any instructions.
 - Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice. However, in exceptional circumstances, the Chairman of the Meeting may change his voting intention, in which case an ASX announcement will be made.
 - Proxies must be received by **1pm (WST) on 22 November 2020**. Proxies received after this time will be invalid.
 - Proxies may be lodged using any of the following methods:
 - **Online:** www.investorvote.com.au
 - **By mobile:** Scan the QR Code on your proxy form and follow the prompts.
 - **By mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
 - **By Facsimile:**
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555
 - **Custodian voting:** For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions
- For all enquiries call 1300 850 505 (within Australia)
or +61 3 9415 4000 (outside Australia).

Shareholders who are entitled to vote

In accordance with regulation 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Register of Shareholders as at **1pm (WST) on 22 November 2020**.

Azure Minerals Limited

ABN 46 106 346 918

Explanatory Memorandum

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

Financial Reports

The Board is required to lay before the Meeting the consolidated annual financial report of the Company for the financial year ended 30 June 2020, together with the Directors' report (including the Remuneration Report) and the Auditor's Report on the financial report. No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions, and to make comments on the reports and on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to: the conduct of the audit; the preparation and content of the independent Auditor's Report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

A copy of the Company's Annual Report is available on the ASX website or at <http://azureminerals.com.au/financial-reports/>.

Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as set out in the Company's Annual Report be adopted.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

Shareholders are entitled to vote on the question as to whether the Remuneration Report is to be adopted. However, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. The Chairman will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report at the Meeting.

Under the Corporations Act, if at least 25% of the votes cast are against adoption of the remuneration report at two consecutive annual general meetings, the Company will be required to put a resolution to the second annual general meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second annual general meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than any Managing Director, will cease to hold office immediately before the end of the Spill Meeting and will need to stand for re-election at the Spill Meeting if they wish to continue as Directors. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report for the financial year ended 30 June 2019 did not receive a vote of more than 25% against its adoption at the Company's 2019 annual general meeting held on 26 November 2019. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

Resolutions 2 and 3 – Election of Directors

Background

Clause 13.5 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.5 of the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Resolution 2 - Election of Mr Hansjörg Plaggemars as a Director

Mr Hansjörg Plaggemars, having been appointed by other Directors on 26 November 2019 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mr Plaggemars is an experienced company director with a deep background in corporate finance, corporate strategy and governance. He has served on the board of directors of many listed and unlisted companies in a variety of industries including mining, agriculture, shipping, construction and investments. This includes the board of Delphi Unternehmensberatung AG, a major Shareholder.

Mr Plaggemars is currently a director of Kin Mining NL, Davenport Resources Limited, Altech Chemicals Limited, Expedeon AG, Ming Le Sports AG, Decheng Technology AG, Youbisheng Green Paper AG, Snowbird AG, Cologne, MARNA Beteiligungen AG and S&O Agrar AG.

Mr Plaggemars has a bachelor's degree in business administration from Otto-Fredrich-Universität Bamberg and a Diplom-Kaufmann (equivalent to a MBA). He is fluent in English and German.

The Board has considered Mr Hansjörg Plaggemars' independence and considers that he is not an independent Director as he is a nominee director of a Shareholder, Delphi Unternehmensberatung AG.

The members of the Board (other than Mr Hansjörg Plaggemars) support the election of Mr Plaggemars and recommend that Shareholders vote in favour of Resolution 2. The Board considers that Mr Plaggemars provides an important contribution to the Board, given his professional background and extensive business experience.

Resolution 3 - Election of Mr Wayne Bramwell

Mr Wayne Bramwell, having been appointed by other Directors on 13 October 2020 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mr Bramwell (BSc (Extractive Metallurgy), Grad Dip Bus, MSc (Min.Econ), GAICD) is a metallurgist with over 29 years of international and Australian project evaluation, development and operations expertise across the base metals, precious metals and bulk commodity sectors. He is currently the Group Business Manager for the Creasy Group and a non-executive director of ASX listed gold producer Westgold Resources Limited.

The Board has considered Mr Wayne Bramwell independence and considers that he is not an independent Director as he is a nominee director of a Shareholder, Yandal Investments Pty Ltd.

The members of the Board (other than Mr Wayne Bramwell) support the election of Mr Bramwell and recommend that Shareholders vote in favour of Resolution 3. The Board considers that Mr Bramwell provides an important contribution to the Board, given his professional background and extensive experience in the resources industry.

Resolution 4 – Approval of 10% Placement Capacity

Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limited the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an Eligible Entity (as defined below) can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this limit by an extra 10% to 25%.

An Eligible Entity means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an Eligible Entity for these purposes.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: AZS).

Resolution 4 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval (**10% Placement Capacity**).

Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 4 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Specific information required by Listing Rule 7.3A

The following information is provided to Shareholders in relation to Resolution 4 for the purposes of Listing Rule 7.3A:

(a) **Timing of potential issues**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 10% Placement Capacity must be in an existing quoted class of Equity Securities and be issued at a minimum issue price of 75% of the volume weighted average price for the Company's Equity Securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(c) **Use of funds**

The Company intends to use the funds raised from the issue of Equity Securities under the 10% Placement Capacity for exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

(d) **Risk of economic and voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 16 October 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Variable 'A'	Number of Shares issued and funds raised under the 10% Placement Capacity and dilution effect	Dilution		
		Issue Price at half the current market price \$0.2225	Issue Price at current market price \$0.4450	Issue Price at double the current market price \$0.89
Current Variable 'A' 242,192,617 Shares	Shares issued	24,219,261	24,219,261	24,219,261
	Funds raised	\$5,388,786	\$10,777,571	\$21,555,142
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 363,288,925 Shares	Shares issued	36,328,892	36,328,892	36,328,892
	Funds raised	\$8,083,178	\$16,166,357	\$32,332,174
	Dilution	10%	10%	10%
100% increase in current variable 'A' 484,385,234 Shares	Shares issued	48,438,523	48,438,523	48,438,523
	Funds raised	\$10,777,571	\$21,555,142	\$43,110,285
	Dilution	10%	10%	10%

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

Note: The table above assumes:

- There are 242,192,617 Shares on issue.
- The issue price set out above is the closing price of Shares on the ASX on 16 October 2020.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It assumes that no Options are exercised or Convertible Notes are converted into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

- (g) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (h) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (i) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy**

The identity of the persons to whom Equity Securities will be issued under the 10% Placement Capacity have not yet been determined as at the date of this Notice, but could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The persons to whom Equity Securities will be issued under the 10% Placement Capacity will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of matters including, but not limited to:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

(f) **Previous approvals under Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 26 November 2019 (**Previous Approval**).

The Company has issued 16,000,000 Shares pursuant to the Previous Approval which represents approximately 9.86% of the number of Shares on issue in the Company on 26 November 2019, which was 162,192,617.

Further details of the issues of Equity Securities under the Previous Approval by the Company during the 12 month period preceding the date of the Meeting are set out in Annexure A.

(g) **Voting exclusion statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in respect of this Resolution 4.

Resolution 5 – Replacement of Constitution

General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 5 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares that has been updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

The current Constitution was adopted in 2003. Since then there have been a number of changes to the Corporations Act, Listing Rules, the ASX Settlement Rules and corporate governance principles for listed companies. Accordingly, the Board consider that it is in the best interest of the Company and its Shareholders to update the current Constitution. The Board has determined that it is more appropriate to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including, without limitation:

- updating the name of the Company; and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the more significant proposed changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.azureminerals.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary, Brett Dickson (+61 8 9481 2555). Shareholders are invited to contact the Company if they have any queries or concerns.

Summary of material proposed changes

Restricted securities (clause 27)

The Proposed Constitution complies with the proposed changes to Listing Rule 15.12 which came into effect on 1 December 2019. Under these change, ASX requires certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A. However, for less significant holdings (such as non-related parties and non-promoters), ASX instead permits the entity to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Directors (clause 13)

The provisions which deal with the retirement of Directors will be updated to more closely align with the Listing Rules. The requirement for one third of the Directors (other than the Managing Director) to retire from office at each annual general meeting will be removed, as this is not required by law. Rather, Listing Rule 14.4 only requires that a director must not hold office without re-election past the third annual general meeting following their appointment, or three years (whichever is longer).

Fee for registration of transfers (clause 5.1(c))

Clause 5.1(c) of the Proposed Constitution provides that no fee may be changes by the Company on the transfer of any Shares, except to the extent that the fee is permitted by the Listing Rules. On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers". The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers. Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Sale of Small Holdings of Shares (clause 10)

Clause 10 of the Proposed Constitution sets out the procedures by which the Company may sell a parcel of Shares that is less than a Marketable Parcel (**Small Holding**). A "Marketable Parcel" is a parcel of Shares that is not less than \$500 based on the closing price of Shares on ASX at the relevant time.

The procedure set out in the Proposed Constitution is in line with the requirements for dealing with Small Holdings outlined in the Corporations Act such that where the Company elects to undertake a sale of Small Holdings, the Company is only required to give one notice to holders of a Small Holding to elect to retain their shareholding before the Small Holding can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Direct voting (clause 12.16)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). The Directors may determine that, at any general meeting or class meeting, a Shareholder who is entitled to attend and vote on a resolution at that meeting is entitled to vote by direct vote in respect of that resolution. This inclusion is in line with modern listed company standards and will enable Shareholders to cast their vote without being required to physically attend the meeting, should the directors choose it is necessary. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Use of technology at general meetings (clause 12.23)

The Proposed Constitution includes provisions which allow the uses of technology for general meetings. This will allow for electronic meetings to be held in the future if required.

Dividends, reserves and distributions (clause 20)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits. The amended requirements provide that a company must not pay a dividend unless:

- the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Proportional takeover approval provisions (clause 11)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

(a) **Effect of proposed proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) **Knowledge of any acquisition proposals**

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- assisting in preventing Shareholders from being locked in as a minority;
- increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- proportional takeover bids may be discouraged;
- lost opportunity to sell a portion of their Shares at a premium; and
- the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 5.

Resolution 6 – Non-Executive Directors' Remuneration

General

The Constitution provides that the non-executive Directors may be collectively paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. The current aggregate maximum sum per annum is \$200,000, which is unchanged since the Company first became listed on the ASX in 2003.

In accordance with clause 13.8 of the Constitution and Listing Rule 10.17, Resolution 6 seeks Shareholder approval to increase the maximum aggregate amount of director's fees per annum that may be paid by the Company to its non-executive Directors (**Fee Pool**) by \$200,000 from \$200,000 per annum to \$400,000 per annum.

Under the Listing Rules, the term "directors' fees" includes committee fees, superannuation contributions and fees which a director sacrifices for other benefits, but does not include reimbursement of genuine out-of-pocket expenses, genuine "special exertion" fees or securities issued to non-executive Directors with approval of Shareholders in accordance with the Listing Rules.

Details of the remuneration of non-executive Directors for the year ended 30 June 2020 is detailed in the Remuneration Report.

The Company does not intend to fully utilise the maximum fee pool in the immediate future. The proportion remaining unused will provide the Company with the ability to attract and retain high quality directors, to make any appropriate increases to the size of the Board and to increase fees in the future in line with market conditions.

The Directors are seeking Shareholder approval to increase the Fee Pool for the following reasons:

- (a) the current Fee Pool is low by market standards and was set when the Company first listed in 2003;
- (b) to ensure that the Company maintains the ability to pay non-executive Directors remuneration at levels commensurate with market rates and as necessary to attract and retain directors of the highest calibre; and
- (c) to allow for some growth in non-executive Directors' remuneration in the future to reflect market competitiveness for non-executive directors with the skills and experience appropriate for the Company's business.

Technical information required by Listing Rule 14.1A

If Resolution 6 is passed the maximum aggregate sum of directors' fees that may be paid to all of the Company's non-executive Directors will be increased to \$400,000 per annum.

If Resolution 6 is not passed, the maximum aggregate sum of directors' fees that may be paid to all of the Company's non-executive Directors will remain at \$200,000 per annum.

Specific information required by Listing Rule 10.17

The following information is provided to Shareholders in relation to Resolution 6 for the purposes of Listing Rule 10.17:

- (a) the amount of the increase is \$200,000;
- (b) subject to the passing of this Resolution 6, the Fee Pool will be \$400,000;
- (c) in the past 3 years, the Company has issued non-executive Directors an aggregate of nil Shares and 2,000,000 Options with prior Shareholder approval under Listing Rules 10.11 and 10.14, as set out in the table below:

Director	Issue Date	Number of securities	Details
Dr Wolf Martinick	18 December 2019	500,000 Options ¹	Director incentive Options issued under the Option Plan, as approved at the annual general meeting held on 26 November 2019.

Director	Issue Date	Number of securities	Details
Mr Peter Ingram	18 December 2019	500,000 Options ¹	Director incentive Options issued under the Option Plan, as approved at the annual general meeting held on 26 November 2019.
Dr Wolf Martinick	19 December 2018	250,000 Options ²	Director incentive Options, as approved at the annual general meeting held on 30 November 2018.
Mr Peter Ingram	19 December 2018	250,000 Options ²	Director incentive Options, as approved at the annual general meeting held on 30 November 2018.
Dr Wolf Martinick	20 November 2017	250,000 Options ³	Director incentive Options, as approved at the annual general meeting held on 24 November 2017.
Mr Peter Ingram	20 November 2017	250,000 Options ³	Director incentive Options, as approved at the annual general meeting held on 24 November 2017.

Notes:

1. Options exercisable at \$0.205 each on or before 30 November 2022.
2. Options exercisable at \$0.29 each on or before 30 November 2021.
3. Options exercisable at \$0.58 each on or before 30 November 2020.
4. On 27 August 2020, the Company issued 8,500,000 Shares to Delphi Untermehmensberatung Aktiengesellschaft (**DUA**) and 8,500,000 Shares to Deutsche Balaton Aktiengesellschaft (**DBA**). DUA and DBA have nominated Mr Hansjörg Plaggemars to the Board of the Company. However, Mr Plaggemars does not have an interest in those Shares.

(d) a voting exclusion statement is included in Resolution 6 of this Notice.

Directors' recommendation

Given the nature of this Resolution, the Board does not consider that it is appropriate to make a recommendation on how Shareholders should vote on this Resolution 6. As noted in the Proxy Form, the Chairman of the Meeting intends to cast all undirected proxies in favour of this Resolution 6.

Glossary

\$ means Australian dollars.

10% Placement Capacity has the meaning set out on page 6 of the Explanatory Memorandum.

Accounting Standards has the meaning given to that term in the Corporations Act.

Annexure A means the annexure to the Explanatory Memorandum marked A.

Annual Report means the annual report of the Company for the year ended 30 June 2020.

Associate has the meaning given in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company's auditor from time to time.

Auditor's Report means the report of the Auditor contained in the Annual Report.

Board means current board of Directors.

Chairman means the individual elected to chair any meeting of the Company from time to time.

Child Entity has the meaning given to that term in the Listing Rules.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Azure Minerals Limited ABN 46 106 346 918.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Directors' Report means the directors' report set out in the Annual Report.

Equity Securities has the meaning set out in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by the Notice.

Notice means this Notice of Annual General Meeting.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Remuneration Report means the remuneration report set out in the Annual Report.

Resolution means a resolution contained in the Notice.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Spill Meeting has the meaning set out on page 4 of the Explanatory Memorandum.

Spill Resolution the meaning set out on page 4 of the Explanatory Memorandum.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

WST means Australian Western Standard Time.

Annexure A – Equity Securities issued under the Previous Approval by the Company during the 12 months preceding the Meeting

Date of issue	Type of Equity Securities	No. issued	Summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue price	Discount to market price at time of issue (if any) ¹	Amount of cash consideration, amount of cash spent, use of cash and intended use for remaining amount of cash (if any)
24/07/2020	ORD	16,000,000	Ordinary fully paid ²	Professional and sophisticated investors.	\$0.10 per Share	Market price on issue date: \$0.19 Discount to market price: 52%	<p>Cash consideration: \$1,600,000</p> <p>Amount of cash spent: \$1,420,000</p> <p>Use of cash spent: To fund initial exploration at the Andover Nickel-Copper Project, and Meentheena Gold Project Coongan Gold Project, fund ongoing exploration at the Alacrán silver, gold and copper project in Mexico, for working capital and to pay costs of the capital raising.</p> <p>Intended use of remaining amount of cash³: To fund initial exploration at the Andover Nickel-Copper Project.</p>


Notes:


1. Market price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the market price on the last Trading Day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: AZS (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.



AZS
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

 **Phone:**
1300 135 401 (within Australia)
+61 3 9415 4658 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **1:00 PM (AWST) on Sunday, 22 November 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Azure Minerals Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Azure Minerals Limited to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, WA 6005 on Tuesday, 24 November 2020 at 1:00 PM (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Hansjörg Plaggemars as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Wayne Bramwell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Non-Executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

A Z S

2 6 8 6 2 4 A



Computershare

