

# Azure Minerals Limited EV Materials

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Rating <b>SPECULATIVE BUY</b>	Price Target <b>A\$2.25</b>
<b>AZS-ASX</b>	Price <b>A\$1.65</b>

**Market Data**

52-Week Range (A\$) :	0.16 - 1.71
Avg Daily Vol (000s) :	3,261.72
Shares Out. (M) :	390.2
Market Cap (A\$M) :	643.9
Dividend /Shr (A\$) :	0.00
Dividend Yield (%) :	0.0

## Further thick intercepts as geological understanding of the pegmatites grows

**More thick pegmatites:** Azure Minerals (AZS-ASX) has released assays results from a further 10 holes (three are the bottom half of holes previously released) at the 60%-owned Andover Lithium Project located in the Pilbara Region of Western Australia. Recall we [initiated coverage of AZS](#) earlier this week. The results are infill over a 200m strike and continue to show broad intercepts of good grade including:

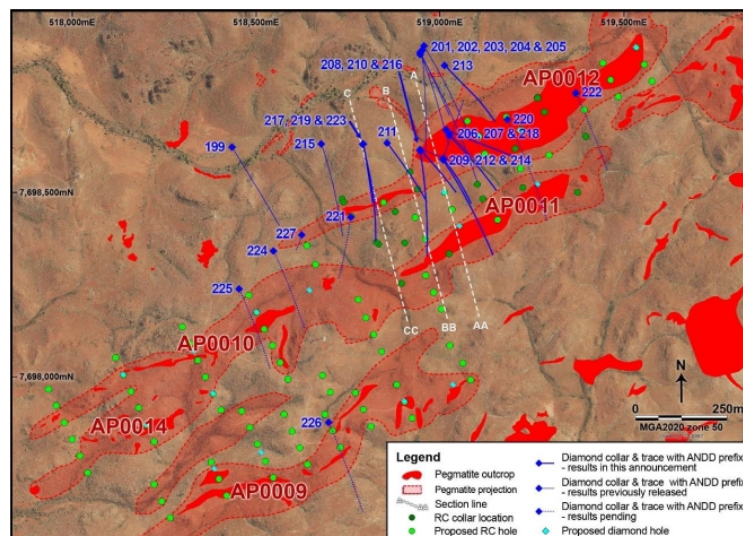
- **90.2m @ 1.23% Li<sub>2</sub>O** from 172m (incl. 25.8m @ 1.53% Li<sub>2</sub>O)
- **63.7m @ 1.15% Li<sub>2</sub>O** from 219m (incl. 34.7m @ 1.59% Li<sub>2</sub>O)
- **32.7m @ 1.32% Li<sub>2</sub>O** from 256m (incl. 20.7m @ 1.67% Li<sub>2</sub>O)

**Structural detail emerging in the drilling:** The results also show areas where the pegmatites pinch and the potential further structural complexity such as faulting. Structural complexity can be a good thing as it can create areas of thickening but can take additional drill holes to fully understand the architecture and setting. This is all within a 200m strike zone. Remember, AZS has reported results over 400m strike and has today confirmed mineralisation over 1,000m as shown below. We are very comfortable with our previous comments on scale potential and will continue to centre our valuation around a 100Mt inventory, despite some potential volume loss with today's results. Recall hole ANDD0215 returned 112m @ 1.05% Li<sub>2</sub>O last week, and is located a further ~100m west of today's results, demonstrating thick, mineralised pegmatites continue along strike, where further results are pending (ANDD0224 and 0225 are of particular interest) and RC drilling planned. We see planned RC in this area as a positive sign that mineralisation was observed in the diamond drilling.

**Upcoming potential news flow:** To date, 30 diamond holes have been completed for 9,790m and 25 RC holes completed for 4,889m. Assays are pending for a number of holes and should continue to deliver news flow in the coming weeks. Heritage surveys are also clearing further areas to drill test in this large 9km x 5km pegmatite field.

**Valuation and recommendation:** We value AZS using a Resource multiple approach on a set of global developer peers with resources >40Mt. We reiterate our SPECULATIVE BUY recommendation and price target of \$2.25.

### Plan view of the current drill area



Source: Company reports



— AZS  
— S&P/ASX Emerging Companies (rebased)  
Source: FactSet

Priced as of close of business 30 June 2023

Azure Minerals (AZS-ASX) is an Australian-based exploration company whose primary asset is the emerging, 60%-owned, Andover Project, located in the Pilbara Region of Western Australia. The company is amid the early stages of defining a potentially large scale, hard rock lithium discovery within 30km of port facilities. SQM has backed AZS early, investing cash to own 19.99% of the company.

# Appendix: Important Disclosures

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## **Investment Recommendation**

Date and time of first dissemination: June 29, 2023, 21:31 ET

Date and time of production: June 29, 2023, 21:31 ET

## **Target Price / Valuation Methodology:**

Azure Minerals Limited - AZS

Our valuation is preliminary in nature and should be viewed as a what-if case given the early stage at Andover. We have opted to a risked a Resource multiple approach to derive a price target for AZS. Our net asset valuation per share is based on an unfunded scenario.

## **Risks to achieving Target Price / Valuation:**

Azure Minerals Limited - AZS

## **Financing risks**

As a pre-production company with no material income, AZS is reliant on equity and debt markets to fund development of its assets and progress its regional exploration pipeline. Total development and working capital requirements are subject to establishment of resources and completion of mining studies. There are no guarantees that studies will result in a positive investment decision. Further, we can make no assurances that accessing these markets will be done without further dilution to shareholders.

## **Exploration risks**

Exploration is subject to a number of risks and can require a high rate of capital expenditure. Risks can also be associated with conversion of inferred resources and lack of accuracy in the interpretation of geochemical, geophysical, drilling and other data. No assurances can be given that exploration will delineate further mineral resources nor that the company will be able to convert the current mineral resource into minable reserves. Land access due to the potential presence of Aboriginal heritage sites is also a consideration.

## **Operating risks**

If and when in production, the company will be subject to risks such as plant/equipment breakdowns, metallurgical (meeting design recoveries within a complex flowsheet), materials handling and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from the operating assets considerably and negatively impact valuation. Further, the actual characteristics of an ore deposit may differ significantly from initial interpretations which can also materially impact forecast production from original expectations.

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**Global Stock Ratings (as of 06/29/23)**

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	614	65.67%	22.31%
Hold	134	14.33%	8.21%
Sell	16	1.71%	6.25%
Speculative Buy	158	16.90%	45.57%
	935*	100.0%	

\*Total includes stocks that are Under Review

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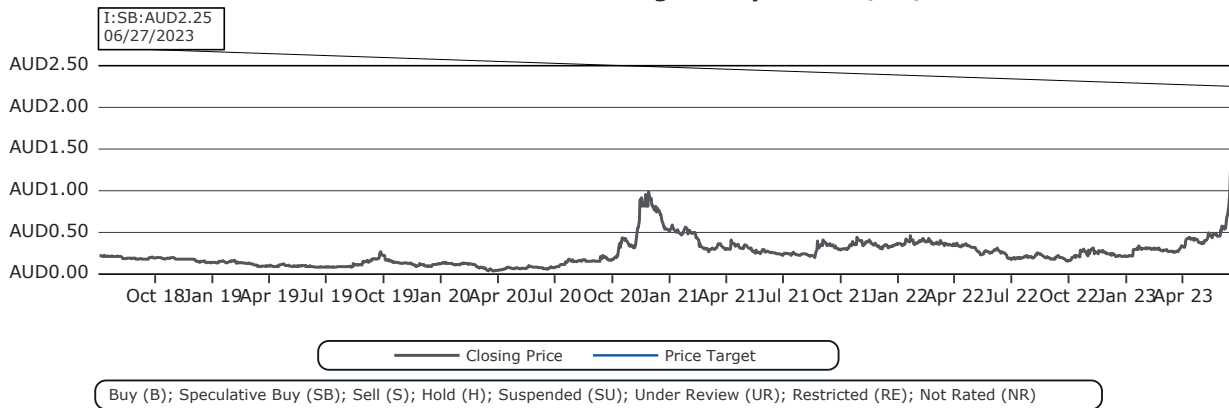
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**Azure Minerals Limited Rating History as of 06/29/2023**



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