



[www.azumahresources.com.au](http://www.azumahresources.com.au)

#### Investment Highlights:

- Wa Gold Project
- 430,000oz Proved and Probable Mineral Reserve
- Feasibility Study completed for a 1.0Mtpa gravity/CIL gold plant
- NI 43-101 and JORC Code reportable 1.02Moz Measured & Indicated and 0.66Moz Inferred Mineral Resource at Wa Gold Project, NW Ghana
- 100% of 3,100km<sup>2</sup> licences hosting over 150km of prospective Birimian greenstone belt. Less than 10% effectively explored
- 17% strategic investment in neighbour, Castle Minerals Limited
- Board and management team of successful explorers, mining and corporate professionals

#### Issued Capital:

333.7M ordinary shares  
9.5M unlisted options  
3.5M performance rights

#### Directors & Management:

Chairman:  
Michael Atkins

Managing Director:  
Stephen Stone

Non-Executive Directors:  
Geoff M Jones  
Willaim (Bill) LeClair

Company Secretary:  
Dennis Wilkins

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## ACTIVITIES REPORT QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2012

Perth-based gold explorer and developer Azumah Resources Limited (ASX:AZM, TSX:AZR) is pleased to provide the following summary of activities undertaken during the Quarter ended 30<sup>th</sup> September 2012 at its Wa Gold Project, northwest Ghana, West Africa (the 'Project').

Azumah is an Australian-based company, focused on the exploration and development of the 100% owned, 3,100km<sup>2</sup> Project, which currently contains a JORC & National Instrument 43-101 compliant Measured and Indicated Mineral Resource totalling 1.02Moz Au (19.74Mt at 1.60g/t Au) and an Inferred Mineral Resource of 0.66Moz Au (14.76Mt at 1.39g/t Au) across three key deposits - Kunche, Bepkong and Julie (*Figure 1*).

A Feasibility Study ('FS') for the Stage One development of the Project was completed in August 2012 (*refer ASX/TSX announcement of 27<sup>th</sup> August 2012*). The FS is based on construction of a +1.0 million tonne per annum gravity and carbon-in-leach ('CIL') plant producing 70,000oz-100,000oz Au per annum.

The 'Stage One' Mineral Reserve included within the Mineral Resources was estimated by independent engineers Coffey Mining Limited to be 430,000oz Au based on the open pit mining of Kunche, Bepkong and Julie gold deposits.

Highlights of the Feasibility Study include:

- ▶ 430,000oz Au Mineral Reserve supports initial six-year life at an average feed grade of 2.0g/t Au, with 2.5g/t Au in first year;
- ▶ 92,000oz Au produced in year 1 at average cash cost of \$624 per oz;
- ▶ Production averages 74,000oz Au per annum for first four years at \$782 per oz. Life-of-Mine cash costs of \$802 per oz;
- ▶ \$144M capital cost, inclusive of infrastructure and all pre-production expenditure;
- ▶ 92.4% Au recovery from conventional gravity - CIL plant. Non refractory mineralisation;
- ▶ \$40M per annum free, post tax cash flow
- ▶ Excellent access, infrastructure and operating environment; and
- ▶ No communities to relocate.

Completing the FS enables the Company to apply for a Mining Lease and progress other key development approvals. The Company expects that receipt of these permits will coincide with a planned upgrade of Mineral Reserves in early 2013 and allow a decision to proceed with development of the Project, subject to financing.

Subsequent to the end of the Quarter, an independent technical report on the Wa Gold Project titled "Wa Gold Project, Ghana, 43-101 Technical Report" with an effective date of 27<sup>th</sup> August 2012 was filed on Sedar ([www.sedar.com](http://www.sedar.com)) providing a summary of the FS and the Mineral Resources and Mineral Reserves.

Exploration during the Quarter, and for the remainder of 2012, remains focused on the delineation of additional mineralisation where there is a high-probability of it positively impacting Mineral Resources and Mineral Reserves. This includes drilling to upgrade the classification of approximately 40,000oz Au contained within the existing designed pits at Kunche and Julie that are currently classified as Inferred and hence excluded from the Mineral Reserve.

Recent exploration in and around the Company's flagship deposits, as well as further afield, has confirmed that there are excellent opportunities to further grow the gold

inventory in the short and medium terms to bolster the Stage One Mineral Reserve and Project development plans.

Other activities completed during the Quarter include the receipt of drilling results from the Julie deposit, which confirmed that high-grade lodes extend beneath the base of designed open pits and initial Mineral Reserves at the Julie deposit (*refer ASX/TSX announcement dated 19<sup>th</sup> July 2012 and 10<sup>th</sup> September 2012 for a full list of drilling results*). Best intercepts reported include:

- 13.0m @ 4.24g/t Au from 82m (AJUC606)
- 5.0m @ 13.28g/t Au from 133m (AJUC611)
- 6.0m @ 3.86g/t Au from 105m (AJUC614)
- 7.0m @ 7.90g/t Au from 36m (AJUC615) and  
9.0m @ 4.65g/t Au from 64m
- 11.0m @ 3.04g/t Au from 86m (AJUC616)
- 12.0m @ 3.12g/t Au from 85m (AJUC648)
- 1.0m @ 45.43g/t Au from 63m (AJUC656)
- 7.0m @ 3.23g/t Au from 26m (AJUC671)
- 5.0m @ 23.65g/t Au from 103m (AJUC673)
- 6.0m @ 4.87g/t Au from 156m (AJUC679)
- 6.0m @ 4.07g/t Au from 80m (AJUC680)
- 13.0m @ 5.95g/t Au from 140m (AJUC682)
- 4.0m @ 9.75g/t Au from 117m (AJUCD684)
- 17.0m @ 2.12g/t Au from 79m (AJUC707)
- 13.0m @ 4.09g/t Au from 76m (AJUC710)
- 9.1m @ 2.92g/t Au from 117.3m (AJUCD599A)
- 6.0m @ 3.43g/t Au from 17m (AJDD009)

The results confirm Azumah will be able to extend resource modelling from 100m to approximately 150m vertical depth below surface, possibly allowing for a material increase in the Julie Mineral Resource estimate of 386,000oz Measured and Indicated and 181,000oz Inferred. The impact of these extensions to mineralisation for Mineral Reserves has not been assessed at this stage but will be included as part of the overall Mineral Reserve review in early 2013.

#### **Planned activity in the December 2012 Quarter**

During the Quarter ending 31<sup>st</sup> December 2012, Azumah expects to:

- ▶ Upgrade Mineral Resources at all key deposits and estimate a maiden Mineral Resource at Aduane;
- ▶ Complete drill programmes aimed at delineating additional mineralisation with a high-probability of increasing Mineral Reserves, and progress other exploration activities aimed at increasing Mineral Resources and making new discoveries;
- ▶ Commence applications for a Mining Lease and other key project development approvals;
- ▶ Updating inputs to the forthcoming Mineral Reserve review;
- ▶ Consider alternative plant configuration options; and
- ▶ Advance project financing discussions.

Azumah expects to complete a Mineral Reserve upgrade for the Project at the end of Q1 2013, based on the upgraded Mineral Resources due to be completed by the end of 2012.

## Corporate

At the end of the Quarter Azumah retained combined cash and listed investments of \$17.0M; comprising \$8.7M cash, \$5.6M (2.55M shares @ \$2.19) in Endeavour Mining Corporation (ASX:EVR, TSX:EDV) and \$2.7M (19.32M shares @ \$0.14) in Castle Minerals Limited (ASX:CDT).

Full details of the ASX (and TSX) releases, on which the above summary of activity during the September Quarter 2012 is based, (inclusive of associated figures and drilling results) are available from the ASX at [www.asx.com.au](http://www.asx.com.au), on the Sedar website at [www.sedar.com](http://www.sedar.com), or from Azumah's website at [www.azumahresources.com.au](http://www.azumahresources.com.au).

For further general information on Azumah Resources Limited and its projects please visit the Canadian SEDAR website and Azumah's own website.

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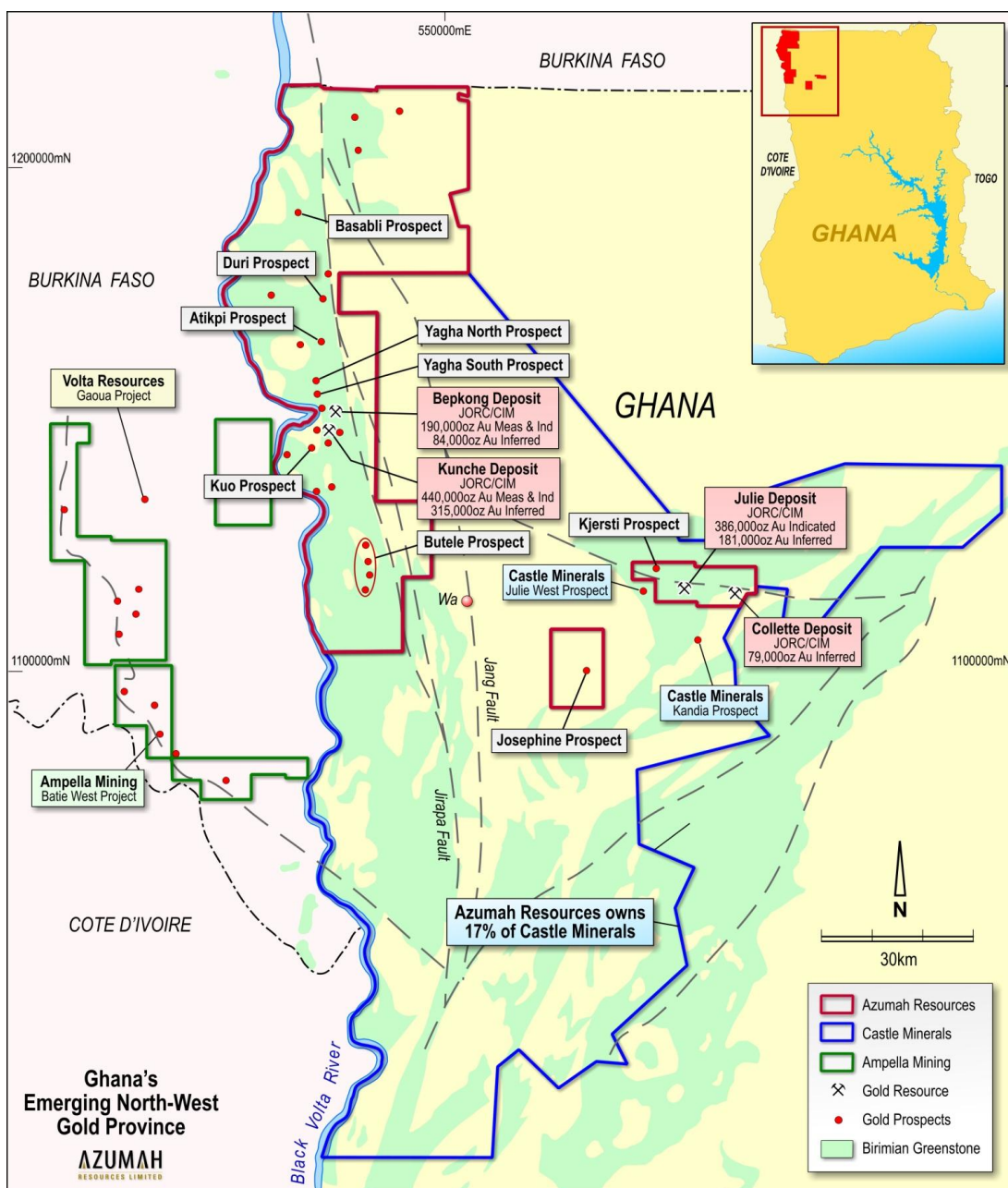
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**Figure 1: Wa Gold Project – Key Deposits and Prospects**



**Table 1: Mineral Reserve Summary (Coffey Mining – August 2012)**

Mineral Reserve Summary					
(As of 21st Aug 2012)	Proved		Probable		Contained Gold oz Au <sup>(1)</sup>
	Tonnes (Mt)	Grade (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	
Bepkong	1.7	1.9	0.2	2.0	117,000
Kunche	2.3	2.1	1.6	1.6	238,000
Julie	-	-	1.0	2.4	74,000
<b>Total</b>	<b>4.0</b>	<b>2.0</b>	<b>2.8</b>	<b>1.9</b>	<b>430,000</b>

(1) Appropriate rounding has occurred

**Table 2: Summary of Wa Gold Project Mineral Resources - 0.5g/t Au cut-off (CSA Global - March 2012)**

Cut-off 0.5 g/t Au	Measured			Indicated			Measured and Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Gold (oz) <sup>(1)</sup>	Tonnes (Mt)	Grade (g/t)	Gold (oz) <sup>(1)</sup>	Tonnes (Mt)	Grade (g/t)	Gold (oz) <sup>(1)</sup>	Tonnes (Mt)	Grade (g/t)	Gold (oz) <sup>(1)</sup>
<b>Kunche</b>	3.17	1.94	198,000	4.95	1.52	242,000	8.13	1.68	440,000	7.35	1.33	315,000
<b>Bepkong</b>	2.02	1.81	117,000	1.67	1.36	73,000	3.69	1.60	190,000	1.98	1.32	84,000
<b>Julie</b>				7.92	1.52	386,000	7.92	1.52	386,000	3.74	1.51	181,000
<b>Collette</b>										1.69	1.45	79,000
<b>Total</b>	<b>5.19</b>	<b>1.89</b>	<b>315,000</b>	<b>14.54</b>	<b>1.50</b>	<b>701,000</b>	<b>19.74</b>	<b>1.60</b>	<b>1,016,000</b>	<b>14.76</b>	<b>1.39</b>	<b>659,000</b>

(1) Appropriate rounding has occurred

### Competent Person's Statement

The scientific and technical information in this report that relates to Exploration Results is based on information compiled by Mr Nick Franey, who a full-time employee (General Manager Geology) of Azumah Resources Ltd. Mr Franey is a Member of the Australian Institute of Geoscientists and 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 to qualify as a "Qualified Person" as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators. Mr Franey is the Qualified Person overseeing Azumah's exploration projects and has reviewed and approved the disclosure of all scientific or technical information contained in this announcement.

For further information, including a description of Azumah's standard data verification processes, quality assurance and quality control measures, and details of the key assumptions, parameters and methods used to estimate the Mineral Resources and Mineral Reserves set out in this report and the extent to which the estimate of previously declared Mineral Resources and Mineral Reserves set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or relevant issues, readers are directed to the technical report titled "Wa Gold Project, Ghana 43-101 Technical Report", effective as of 27 August, 2012, available on [www.sedar.com](http://www.sedar.com).

The reported Mineral Reserves have been compiled by Mr Harry Warries. Mr Warries is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of Coffey Mining Pty Ltd. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Qualified Person as defined in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards of November 2010, as well as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr Warries gives Azumah Resources Limited consent to use this reserve estimate in reports.

### Forward-Looking Statement

This report contains forward-looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend", and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved, and other similar expressions. In providing the forward-looking information in this news release, the Company has made numerous assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) that the results of the feasibility study continue to be positive; and (iv) that future exploration results are as anticipated.

Management believes that these assumptions are reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking information. Some of these risks, uncertainties and other factors are described under the heading "Risks Factors" in the Company's annual information form available on [www.sedar.com](http://www.sedar.com). Forward-looking information is based on estimates and opinions of management at the date the statements are made. Except as required by law, Azumah does not undertake any obligation to update forward-looking information even if circumstances or management's estimates or opinions should change. Readers should not place reliance on forward-looking information and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's continuous disclosure filings as found at the (Canadian) SEDAR website.

## Appendix 5B

### *Mining exploration entity quarterly report*

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

<b>Azumah Resources Limited</b>
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ABN

72 112 320 251
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Quarter ended ("current quarter")

30 September 2012
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#### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(4,605)	(4,605)
(b) development	-	-
(c) production	-	-
(d) administration	(681)	(681)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	106	106
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(5,180)</b>	<b>(5,180)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(20)	(20)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(20)</b>	<b>(20)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(5,200)</b>	<b>(5,200)</b>

1.13	Total operating and investing cash flows (brought forward)	(5,200)	(5,200)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share issue transaction costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(5,200)	(5,200)
1.20	Cash at beginning of quarter/year to date	13,883	13,883
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	8,683 *	8,683 *

\* Excludes listed investments of \$8.3 million

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	183
1.24	Aggregate amount of loans to the parties included in item 1.10	-

### 1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

### Non-cash financing and investing activities

#### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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#### 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,000
4.2 Development	-
4.3 Production	-
4.4 Administration	1,000
<b>Total</b>	<b>4,000</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,083	3,746
5.2 Deposits at call	5,600	10,137
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>8,683</b>	<b>13,883</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			



## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference</b> + <b>securities</b> ( <i>description</i> )				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	333,714,096	333,714,096		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	100,000	100,000		
7.5 <b>*Convertible debt securities</b> ( <i>description</i> )				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> ( <i>description and conversion factor</i> )	2,500,000 4,500,000 2,000,000 500,000	- - - -	<i>Exercise price</i> 14 cents 26 cents 60 cents 92.4 cents	<i>Expiry date</i> 30 April 2013 15 December 2013 30 November 2014 15 December 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/cancelled during quarter				
7.11 <b>Performance Rights</b>	2,900,000 600,000	- -	<i>Expiry date</i> 30 November 2014 30 November 2015	
7.12 Issued during quarter				
7.13 Exercised during quarter	100,000	-	30 November 2014	
7.14 Expired/cancelled during quarter	500,000	-	30 November 2014	

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Date: 26 October 2012

(Company secretary)

Print name: **Dennis Wilkins**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.