

### ASX / TSX & Media Release

ASX Code – AZM

TSX Code – AZR

16 October 2012



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

#### Investment Highlights:

- Wa Gold Project, NW Ghana
- 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
- 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  
Bill LeClair

Company Secretary:  
Dennis Wilkins

#### Contact:

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Azumah Resources Limited (ASX: AZM) (TSX: AZR) (“Azumah” or “the Company”) is pleased to provide an updated presentation on the activities of the Company which Managing Director, Stephen Stone, will be giving to Australian, North American and European retail and institutional investors over the next few weeks.

For further information on the Wa Gold Project or Azumah in general please refer to the Company’s website at [www.azumahresources.com.au](http://www.azumahresources.com.au) and [www.sedar.com](http://www.sedar.com).

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#### Competent Person’s Statement

The 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 set out in this report and the extent to which the estimate of previously declared Mineral Resources 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 entitled Azumah Resources Limited 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

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## “TRANSITIONING TO PRODUCER”

### Wa Gold Project, Ghana

#### KEY DRIVERS:

- ▶ *\$30M EV. \$18 EV/ resource oz. \$70 EV/ reserve oz.*
- ▶ *Feasibility Study completed*
- ▶ *1.0Moz M+I and 0.7Moz Inf Mineral Resource – Upgrade due Dec 2012*
- ▶ *430,000oz @ 2.0g/t Au ‘Stage One’ Mineral Reserve – Upgrade due Q1 2013*
- ▶ *Viable, no fatal flaws, excellent infrastructure, no community relocation*
- ▶ *92% recovery. Non-refractory*
- ▶ *\$144M cap costs – initial 1Mtpa plant (expandable to 1.5mtpa)*
- ▶ *<\$782/oz av op costs (\$624/oz year 1)*
- ▶ *~\$40M annual free cash flow – Stage One*
- ▶ *3,100Km<sup>2</sup> tremendous resources growth opportunity*
- ▶ *17% in neighbour, Castle Minerals*
- ▶ *\$17M cash and listed investments*

Stephen Stone  
October 2012

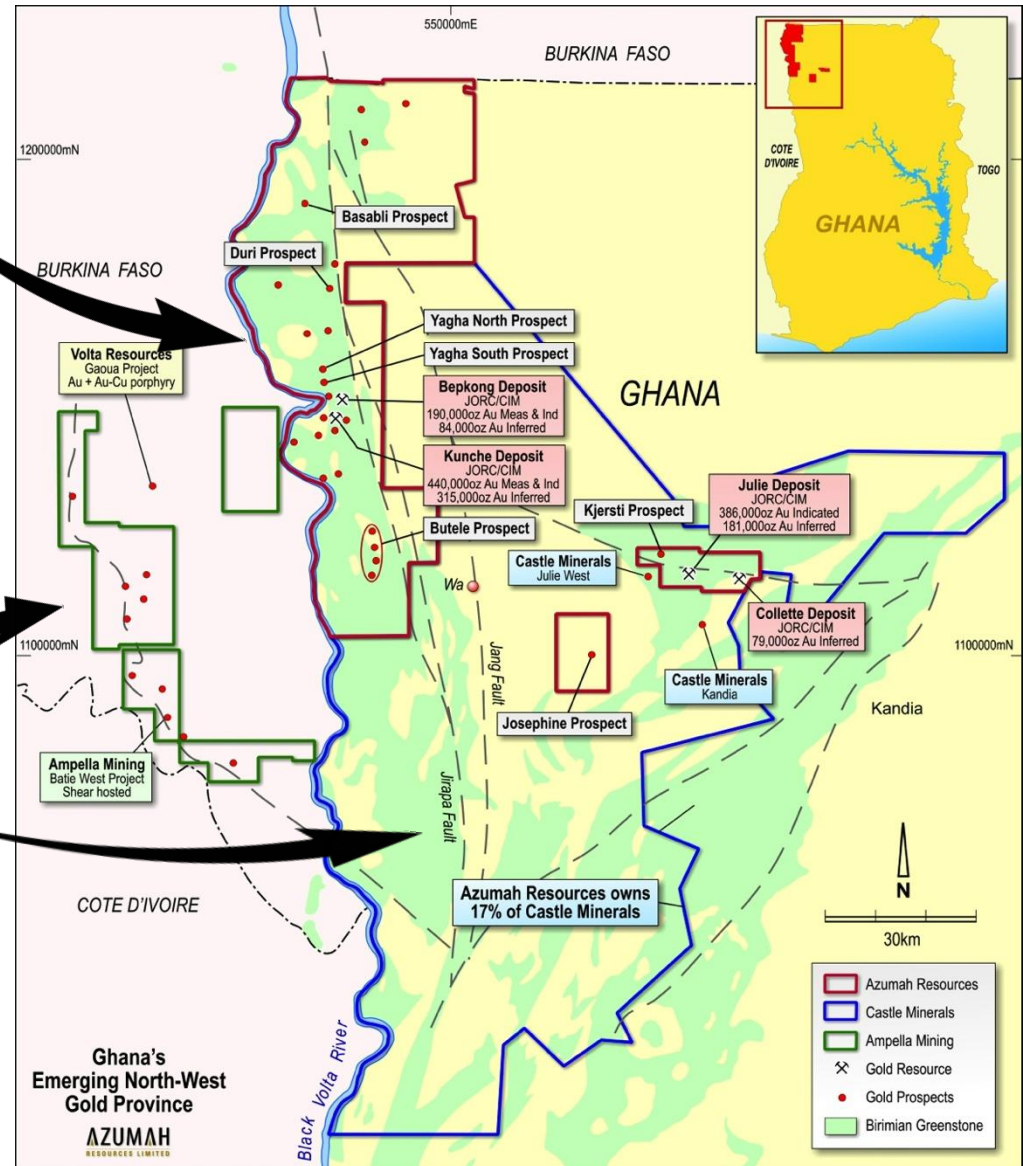
ASX : AZM  
TSX : AZR

# Dominant Position In New Gold Province

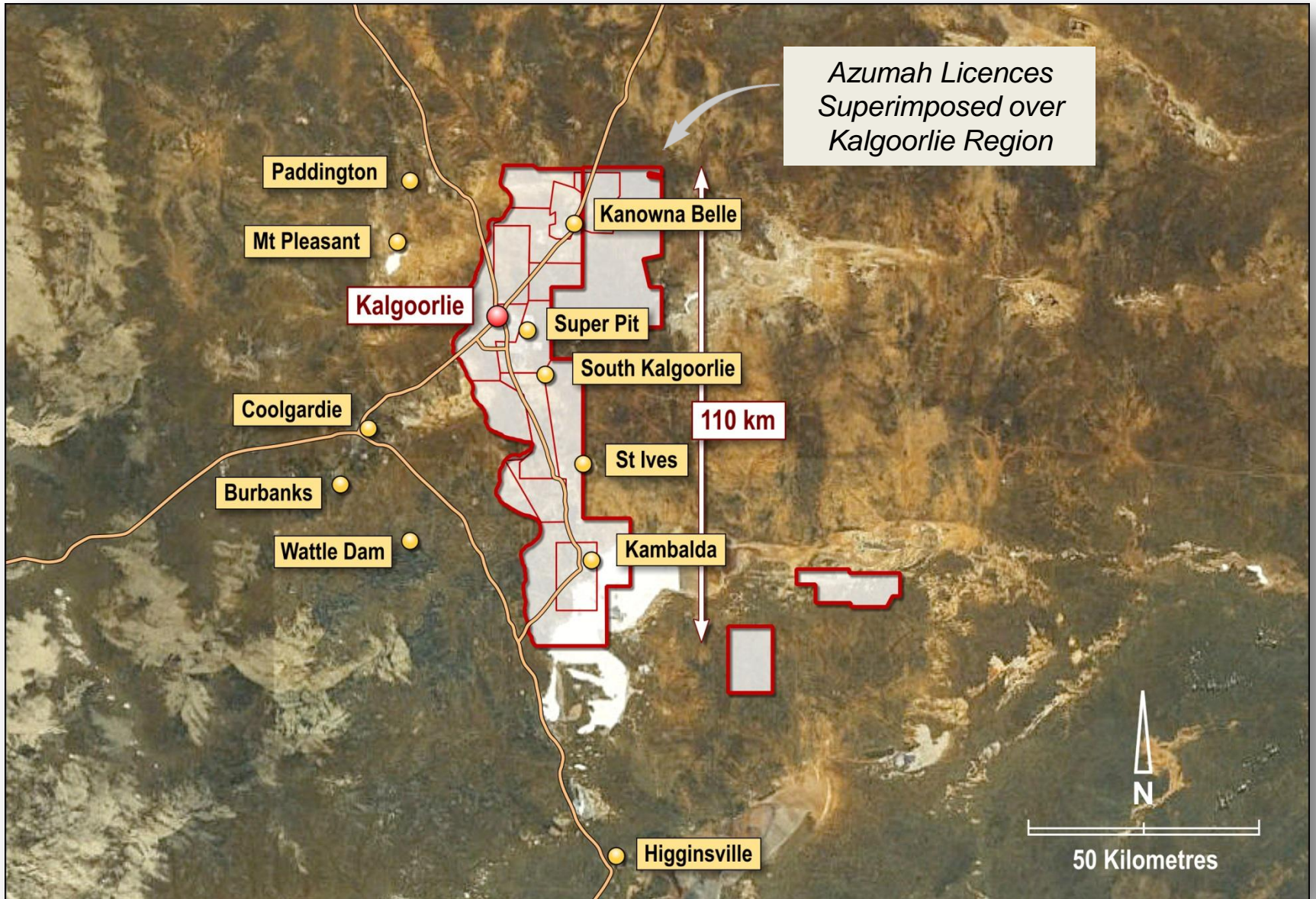
Azumah's 3,100km<sup>2</sup> licences. 150km strike of Birimian greenstone terrain  
 Resource: 1.0Moz Au M&I, 0.7Moz Au Inf  
 Reserve: 430,000oz at 2.0g/t Au

Ampella's 1,900km<sup>2</sup> Batié West licences  
 Same Birimian greenstone belt  
 Resource: 1.5Moz Ind & 1.6Moz Inf

17% interest in Castle Minerals  
 10,000km<sup>2</sup> early stage exploration  
 Resource: Julie West: 56,000oz Inf  
 Kandia: 107,500oz Inf



# Size Matters....



# Experience Board and Management Team

**Michael Atkins** - Non-Executive Chairman

*Corporate finance - former Chairman Gallery Gold, Botswana*

**Stephen Stone** - Managing Director

*Exploration and mining geology. Corporate and management. Lived and worked in Africa*

**Geoff M Jones** - Non-Executive Director

*Project engineer. Developed several mines in Africa/Ghana. COO GR Engineering*

**Bill LeClair** - Non-Executive Director

*Canada based - Finance and management – Former CEO Africa focused Crew Gold*

**Nick Franey** – GM Geology

**Tim Lagdon** – GM Corporate

**Marc Barnaby** – GM Community

**Paul Amoako-Atta** – Ghana Director & Licencing

**Hector Nyinaku** – Ghana Admin & Logistics

**Ghana site** - 12 geologists and ~40 support staff



# Undemanding Enterprise Value

Issued shares	333.7M
Options (unlisted)	9.5M
Performance Rights	3.5M
Market Capitalisation	A\$47M
Cash & Listed Investments	~A\$17M

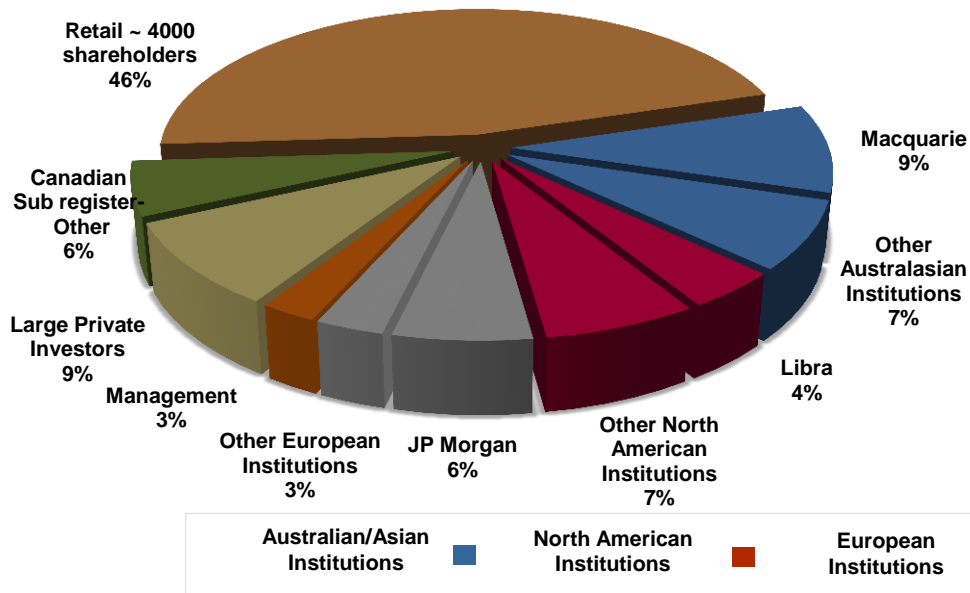
Castle (CDT) – 19,315,812 shares - \$2.7M

Endeavour (EVR/EDV) – 2,547,615 shares - \$5.6M

Enterprise Value

**\$30M**

## 4 Year Price History



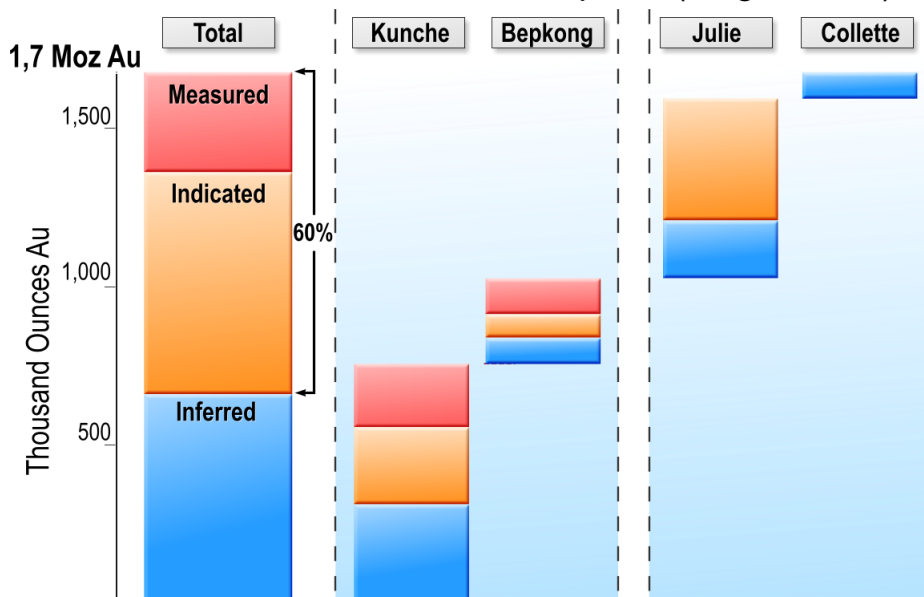
# Mineral Resources: Update Q4 2012: Targeting >2Moz

## JORC & NI 43-101 Compliant Mineral Resources (0.5g/t Au Cut - Off)

	Measured			Indicated			Measured and Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Gold (oz)	Tonnes (Mt)	Grade (g/t)	Gold (oz)	Tonnes (Mt)	Grade (g/t)	Gold (oz)	Tonnes (Mt)	Grade (g/t)	Gold (oz)
<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>	5.19	1.89	315,000	14.54	1.50	701,000	19.74	1.60	1,016,000	14.76	1.39	659,000

## Mineral Resources

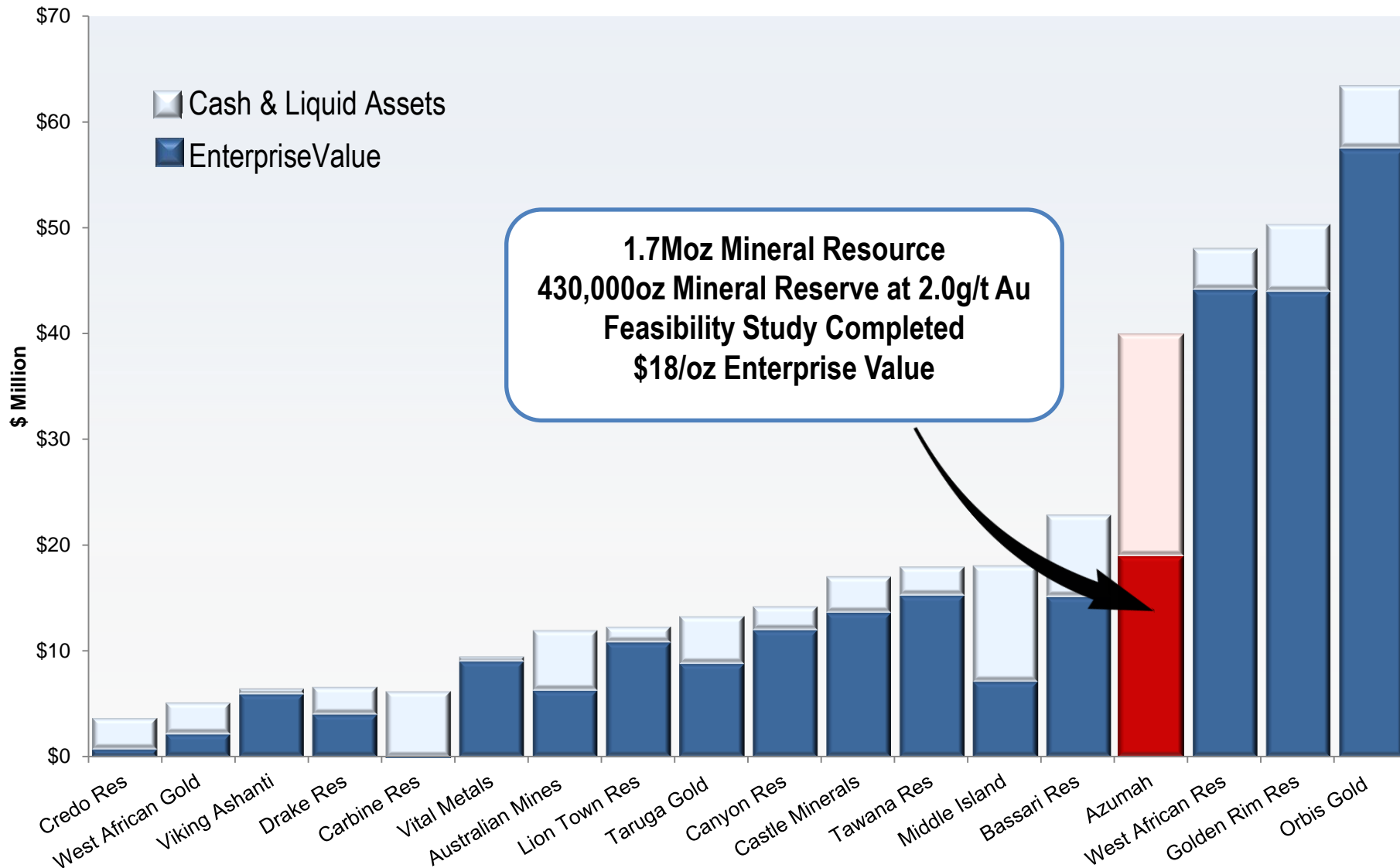
NI 43-101 & JORC Compliant (0.5g/t cut off)



- ▶ Measured & Indicated Mineral Resources **1,016,000oz Au**
- ▶ Inferred Mineral Resource **659,000oz Au**
- ▶ **60%** in JORC Measured & Indicated category – good continuity
- ▶ Kunche Region: **1.03Moz**
- ▶ Wa East Region: **0.65Moz**
- ▶ *All three key deposits include shallow, higher grade mineralisation to support annual production head grades of approx. 2.0g/t Au*



# EV Comparable to Early Stage Explorers



# Feasibility Study Completed

- ▶ **430,000oz 'Stage One' Mineral Reserve**
- ▶ **\$144M establishment capital cost**  
1Mtpa nominal capacity gravity and CIL plant – can process 1.4Mtpa of softer oxide material
- ▶ **6 year initial mine life**
- ▶ **\$802/oz LOM operating cost**  
\$624/oz year 1. \$782/oz years 1- 4
- ▶ **92.4% av recovery**  
Non-refractory. 75 $\mu$  grind size
- ▶ **2.0g/t feed grade LOM**  
2.5g/t year 1
- ▶ **92,000oz Year 1**  
74,000oz av years 1 - 4

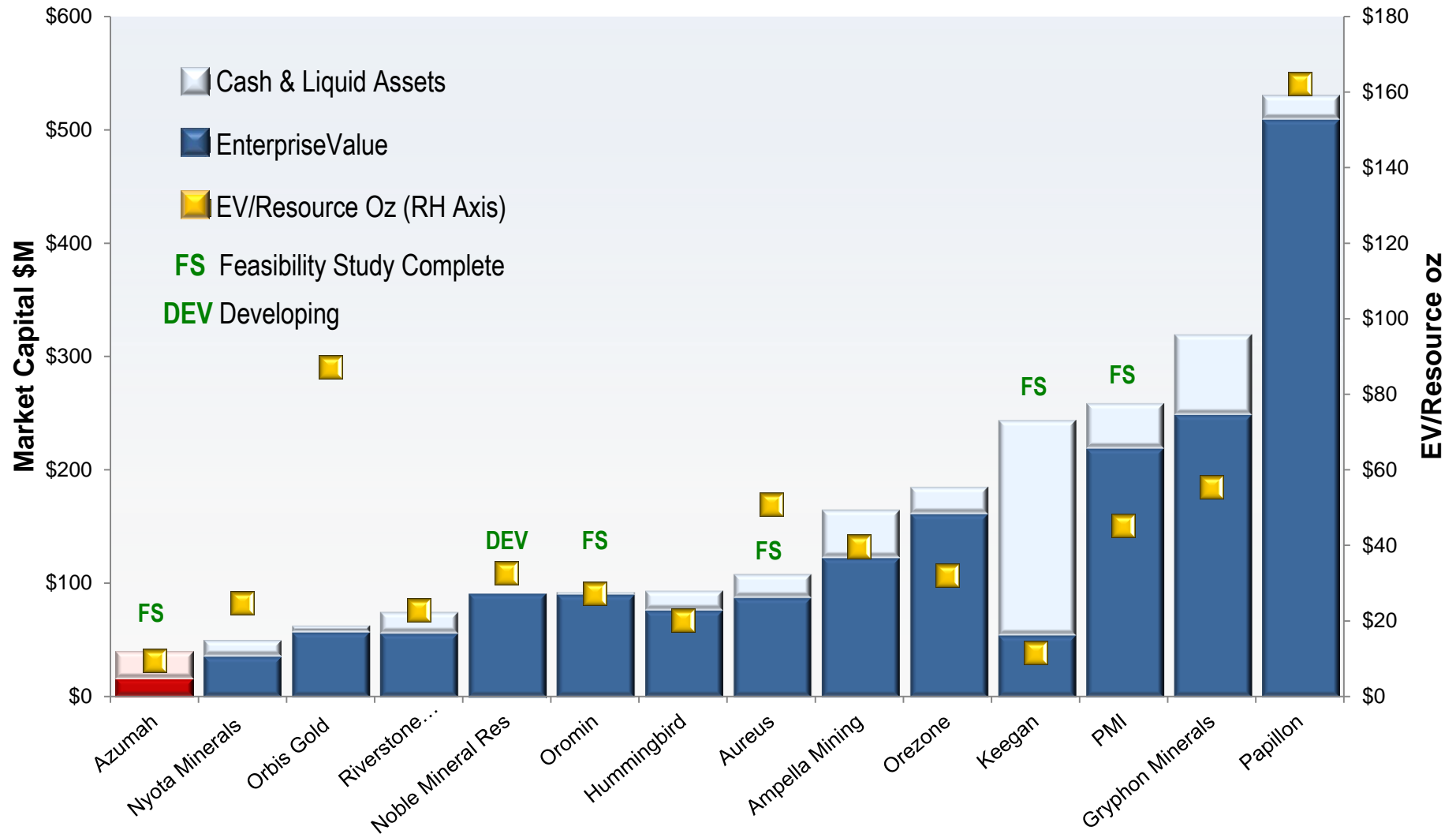
<b>Mineral Reserve</b> (Optimisation at US\$1300/oz)				
	Ore Mined Mt	Grade (g/t Au)	Strip Ratio	Contained Gold (oz)
Kunche	3.9	1.9	5.5	238,000
Bepkong	1.9	1.9	4.4	117,000
Julie	1.0	2.4	3.8	74,000
<b>Total</b>	<b>6.8</b>	<b>2.0</b>	<b>4.9</b>	<b>430,000</b>

<b>Establishment Capital</b>	<b>\$US (millions)</b>
Plant	59
Infrastructure	26
EPCM , Owners Costs & Contingencies	37
Pre-Production Costs	22
<b>Total</b>	<b>144</b>

<b>Operating Cost</b>	<b>\$US/t</b>	<b>\$US/oz</b>
Mining (ore and waste)	3.45	457
Processing (inc power \$0.15/kWh)	16.00	273
G&A (per tonne processed)	4.19	72
<b>Total Site Direct (C1) Cash Cost</b> <b>(624/oz Yr 1, \$782/oz avg Yr 1 - 4)</b>		<b>802</b>

# Very Undemanding EV / Resource Oz

## West African Advanced Explorers & Developers



# Clear Path To Development....

- ▶ Viable with no fatal flaws
- ▶ Robust operating margins
- ▶ ~\$40M annual free cash flow (after tax and royalties)
- ▶ Non-refractory, straightforward metallurgy
- ▶ Shallow pits – max 140m
- ▶ No communities to relocate – Farmer compensation process commenced
- ▶ Excellent logistics and infrastructure
- ▶ Options to increase Mineral Reserves, life, production and margins
- ▶ Feasibility Study initiates licencing schedule
- ▶ Draft Environmental Impact Study accepted
- ▶ Commissioning late 2014 / early 2015



Lycopodium



# Ghana: Four New Gold Mines

- ▶ The premier West African destination
- ▶ Multiple +10Moz discoveries
- ▶ No. 2 African gold producer ~3.0Moz/yr
- ▶ Active tier-one majors
  - **AngloGold-Ashanti, Newmont, Gold Fields, Kinross**
- ▶ Increasing mid-tiers + juniors
  - **Golden Star, Endeavour, Perseus, Keegan, PMI, Signature, Noble, Castle...**
- ▶ One of World's fastest growing economies
- ▶ English language and legal system
- ▶ Low sovereign risk
- ▶ Strong mining support industry



# Mineral Reserve Upgrade Q1 2013

**‘Stage One’ Mineral Reserve based on drilling to Nov 2011 and Mineral Resources estimated at March 2012** (refer ASX release 12.03.2012, NI 43:101 dated 30.04.2012)

## Excluded:

- ▶ Numerous excellent drilling results - due to assay delays plus drilling post Nov 2011:
  - ▶ Kunche and Bepkong – infill and deeper drilling
  - ▶ Julie – Infill, strike extensions and deeper drilling – Mineral Resource based on drilling to only 50m
  - ▶ Collette – Infill and extensional drilling
- ▶ ~40,000oz ‘In Pit’ and proximal Inferred Mineral Resources excluded from optimisations, schedules and financials - Classification constraints – now removed
- ▶ Collette Mineral Resource – 79,000oz

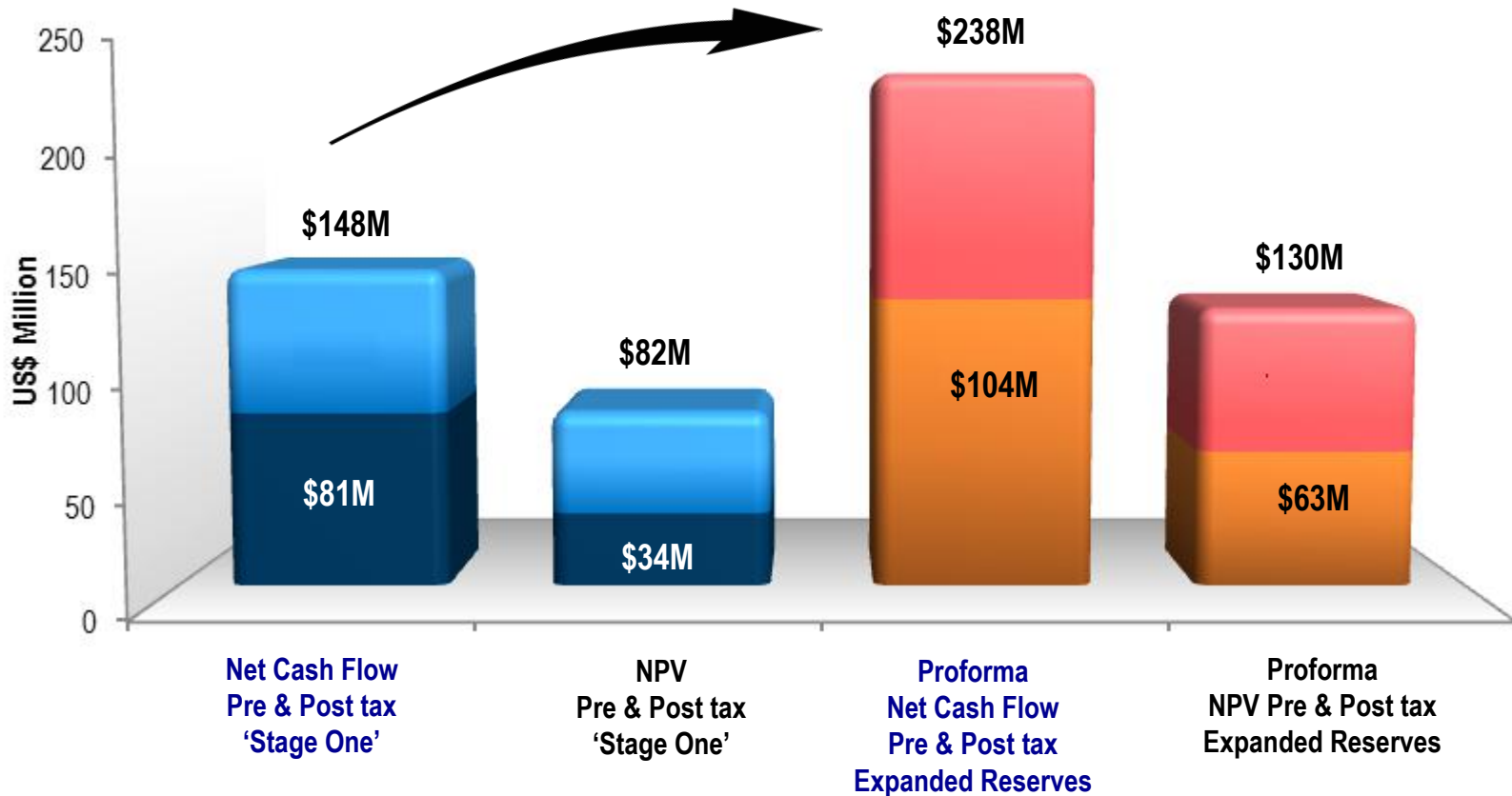
## Also:

- ▶ Optimisation mining costs based on average of three quotes, not lowest
- ▶ Options to increase plant throughput / production and lower costs further
- ▶ Inclusion of Aduane and other new mineralisation



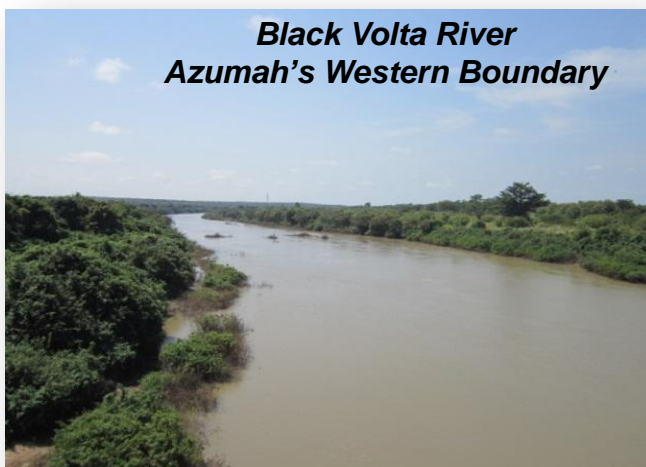
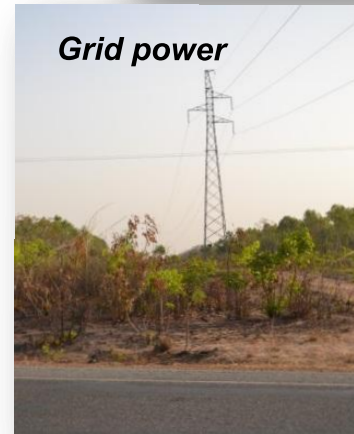
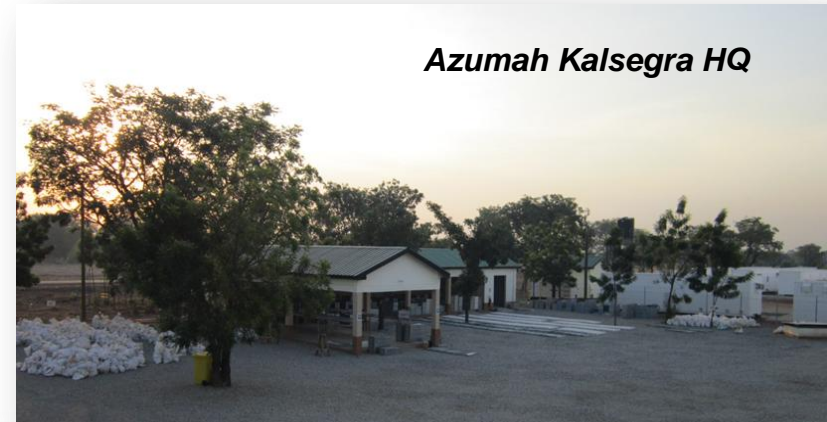
# Reserve Increase To Enhance Economics

Another 'Bepkong equivalent' (117,000oz @1.9g/t Au) would substantially increase returns:



# Excellent Logistics & Infrastructure

- ▶ No communities to relocate
- ▶ Few artisanal or illegal miners - Galamsey
- ▶ Well maintained local roads
- ▶ Sealed airstrip
- ▶ Good telecommunications
- ▶ Grid power - 2km from mine gate
- ▶ Water: Black Volta river & groundwater
- ▶ On-site sample prep facility

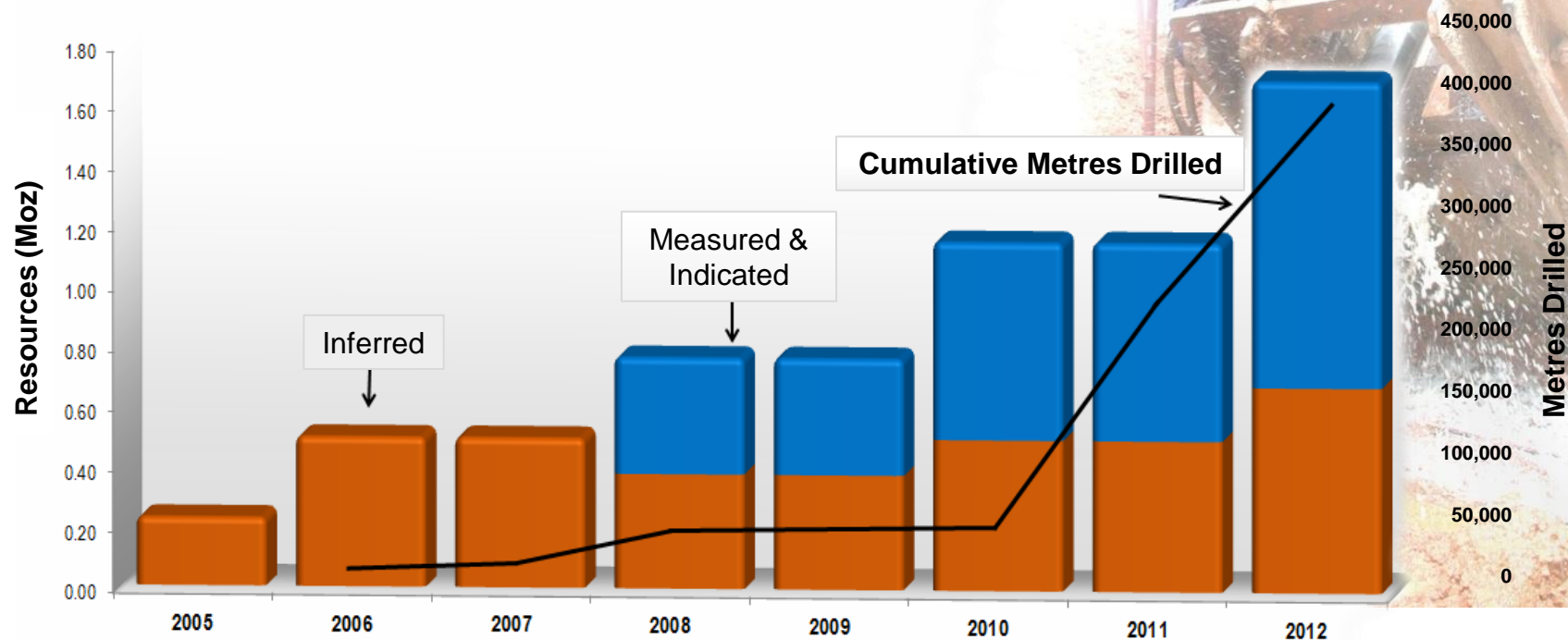




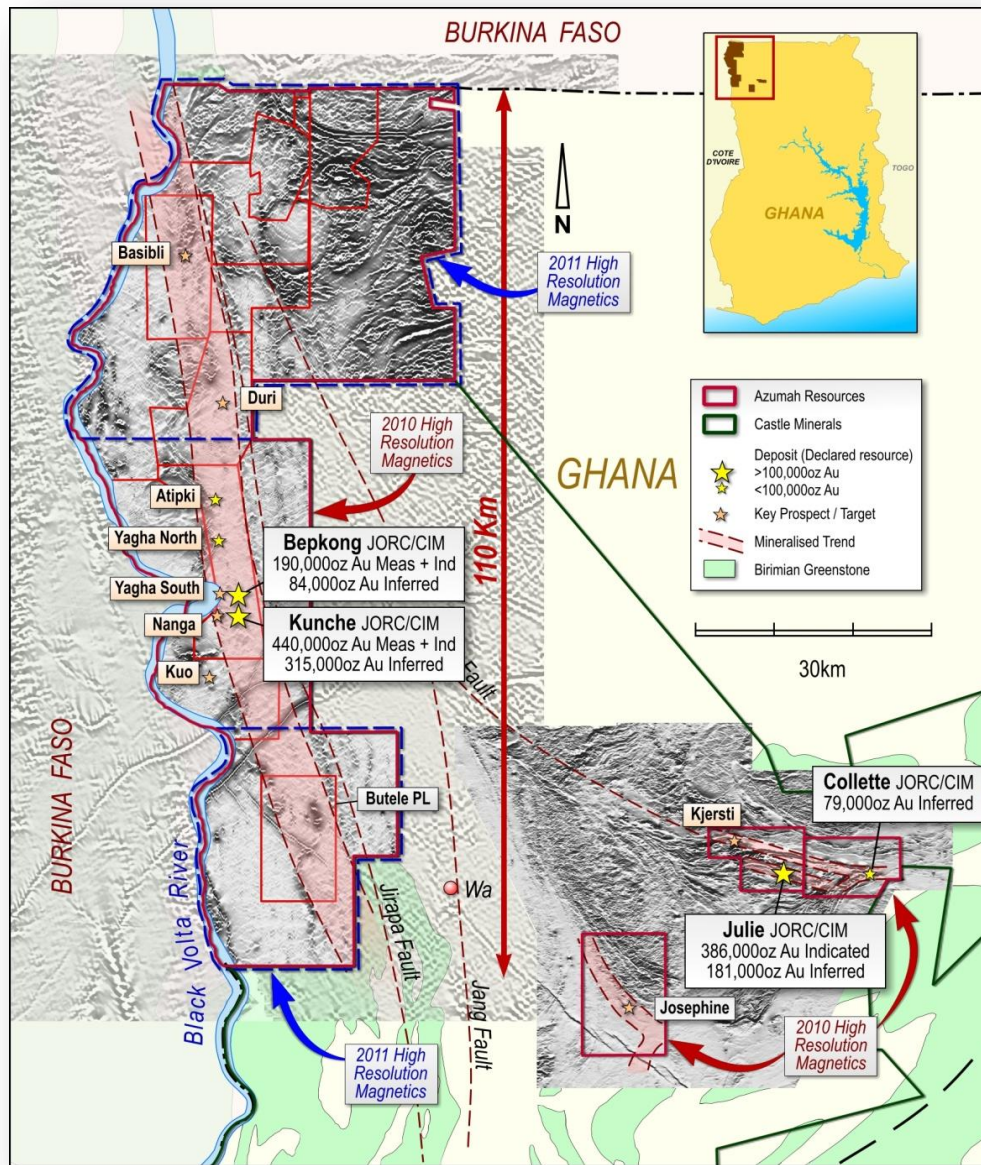
# Drilling Drives Resource Growth

Focusing on shallow resources with high rate of conversion to reserves:

- ▶ Infill, along strike drilling at Aduane
- ▶ Brownfields exploration around Kunche - Bepkong
- ▶ Infill, along strike and deeper drilling at Julie and Collette
- ▶ Development of Kjersti, Josephine, Yagha, Duri prospects etc.



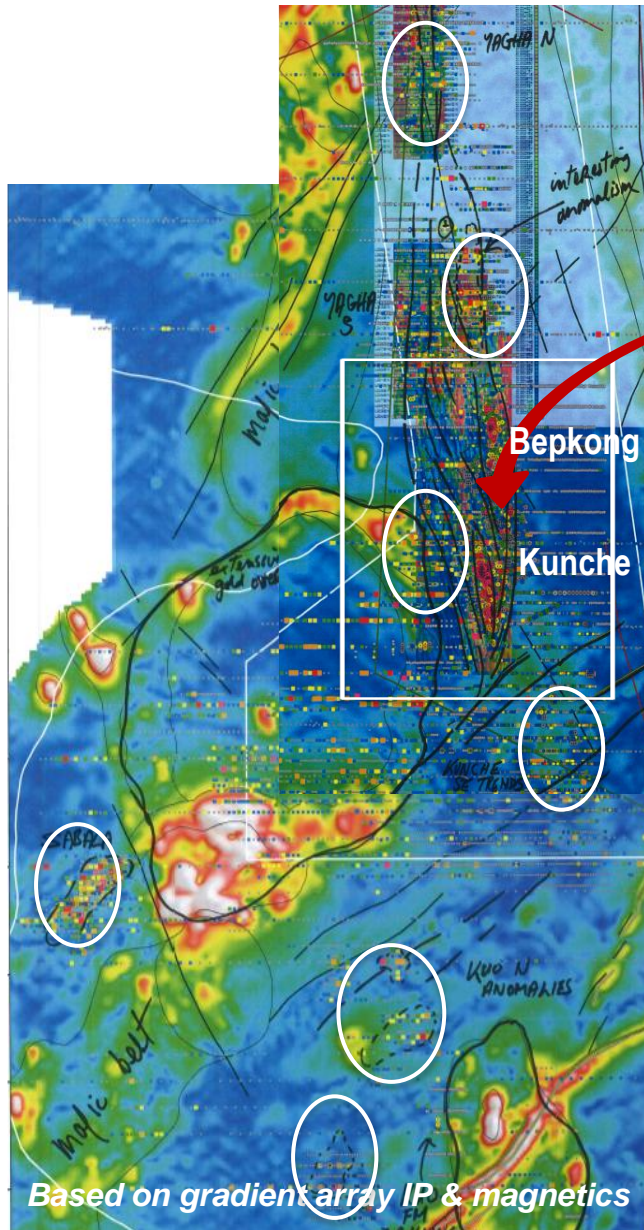
# Tremendous Resource Growth Opportunity



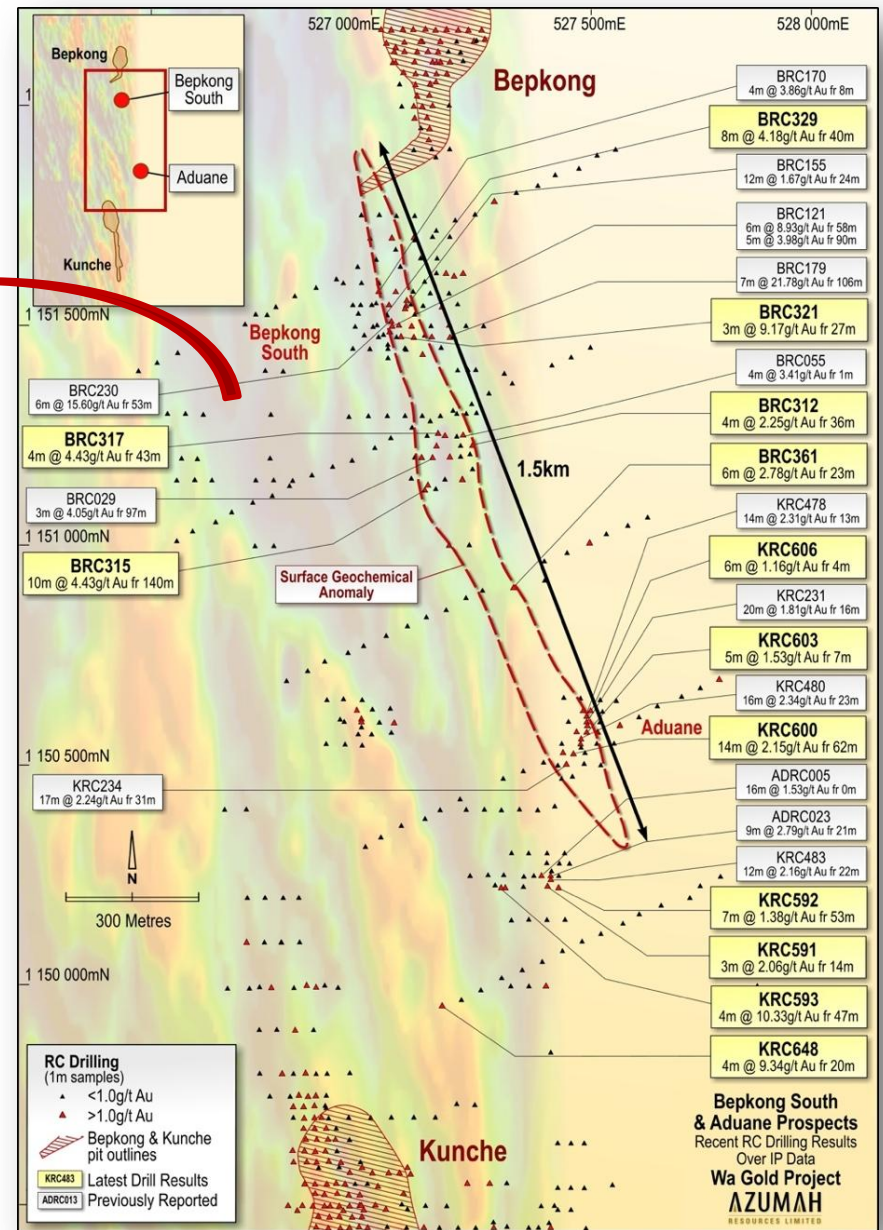
- ▶ Aeromagnetics: a game changer
- ▶ Widespread gold-in-soil anomalism
- ▶ Less than 10% of 150km prospective Birimian strike effectively explored
- ▶ Pipeline of targets



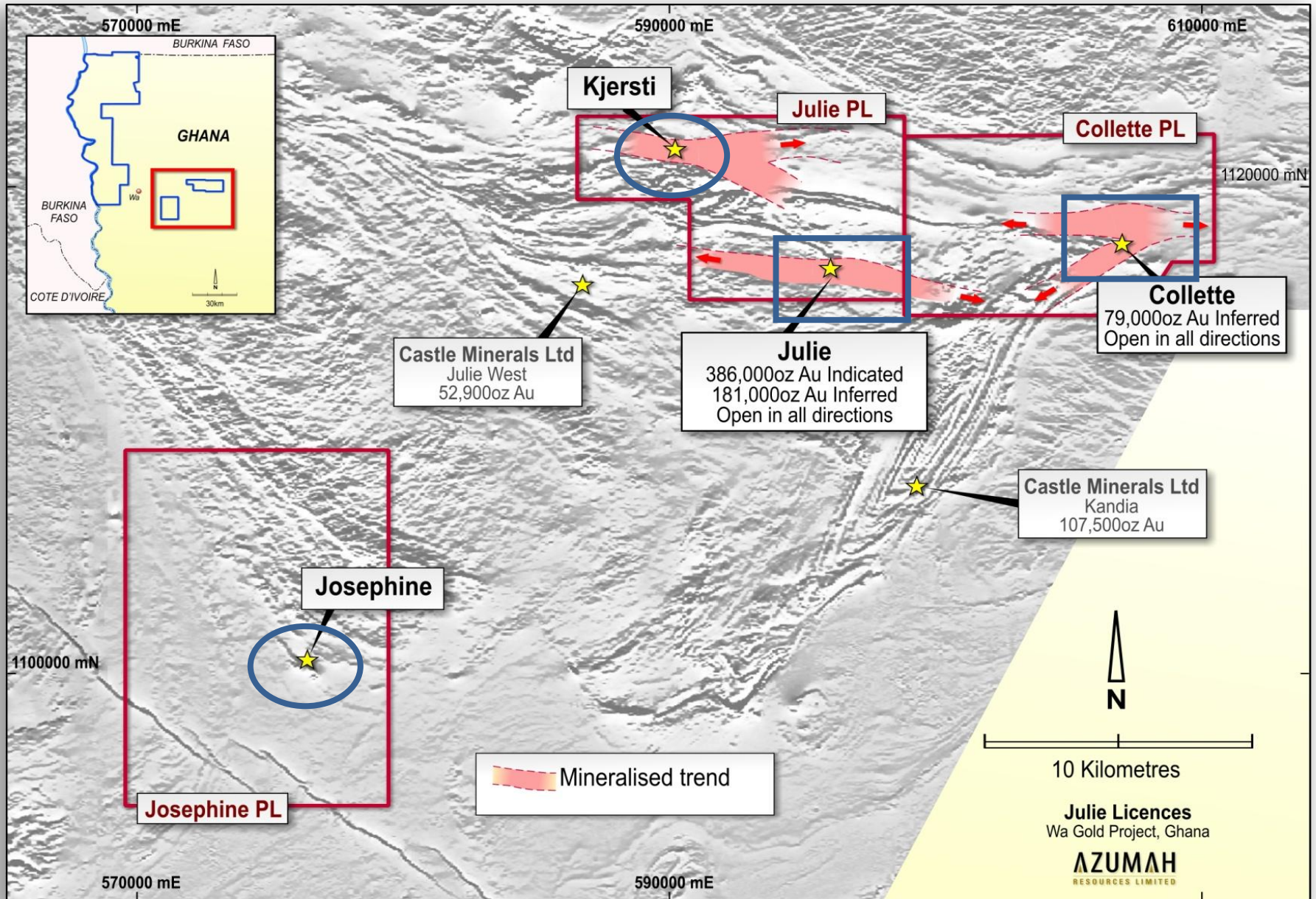
# Structural Interpretations Defining New Targets



**Bepkong a 'blind' discovery**

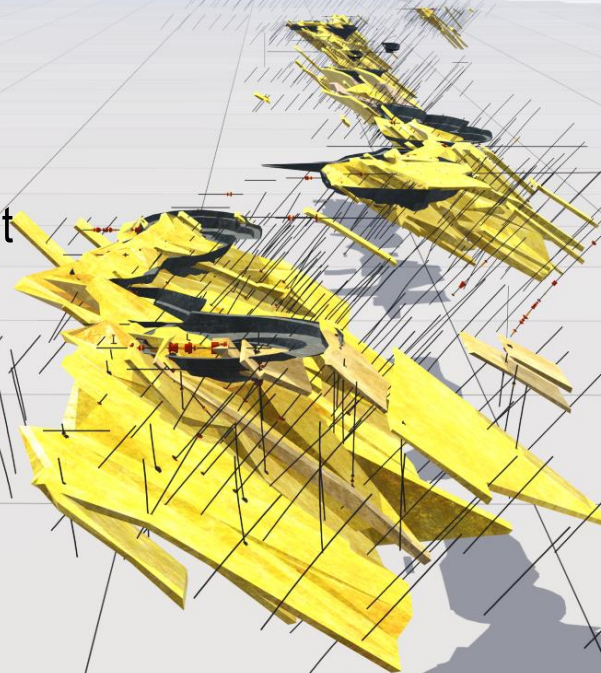


# Wa East: A Second Mining Centre?

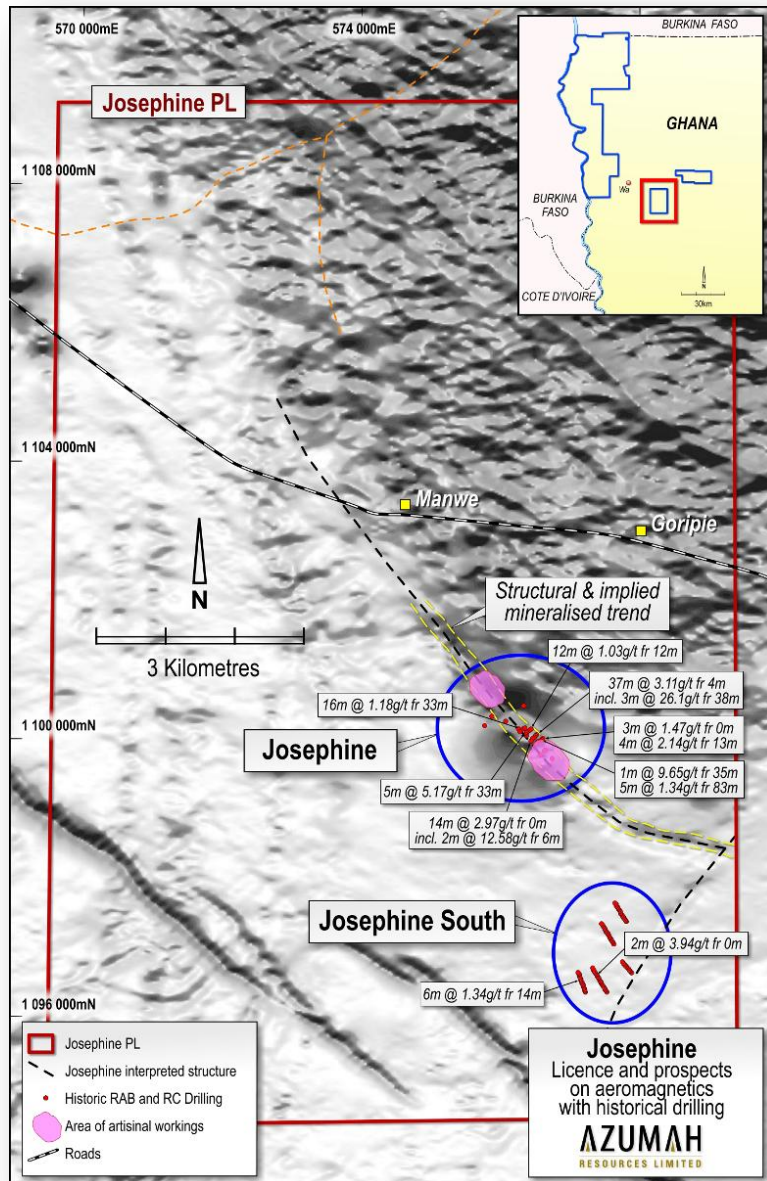


# Julie Resource Predates Recent Infill and Drilling >50m

- ▶ Four very small and shallow pits <30m depth
- ▶ Constrained by Mineral Resources based on drilling to only 50m depth
- ▶ Recent drilling to 150m depth has extended mineralisation with excellent grades
- ▶ Several other possible pits excluded and pending infill drilling
- ▶ Whole 6km structure completely under -drilled
- ▶ Collette – 79,000oz – not included in Feasibility



# Josephine: Very Early Stage



# Supporting the Community

*Youth sports*



*Permaculture farming*



*Beds and essential hospital equipment*



*Providing fresh water*

# Near-Term Value Drivers and News Flow

## Brownfields & Greenfields Exploration Results

Resource Update

Reserve Update &  
Feasibility Study Refresh

Q4  
2012

Q1  
2013

Q2  
2013

Mining Lease  
Application

Mining Lease  
Approval  
(EPA Licence  
Application)

EPA Licence  
Approval

Finance  
Proposals

Development  
Decision



# A Compelling Investment.....

## Dominant Regional Position

- ▶ 3,100km<sup>2</sup> of licences - Birimian greenstone terrain
- ▶ 17% of neighbour - Castle Minerals – 10,000km<sup>2</sup>
- ▶ Extensive exploration infrastructure in place (incl sample prep lab)

## Defined Platform For Development

- ▶ 1.7Moz Mineral Resource - Update Q4 2012
- ▶ 430,000oz 'Stage One' Mineral Reserve - Update Q1 2013
- ▶ Feasibility Study completed - No fatal flaws
- ▶ Robust operating margins and ~\$40M annual free cash flow
- ▶ Excellent infrastructure, operating environment and security of tenure
- ▶ Several options for increasing life, margins and returns

## Undemanding Valuation

- ~\$47M market cap
- ~\$17M cash and listed investments
- ~\$30M enterprise value
- ~US\$18 EV/resource oz & US\$70 EV/reserve oz



# Medamoase !

**AZUMAH**  
RESOURCES LIMITED

ASX: AZM

TSX: AZR

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# Competent Persons and Forward-Looking Statements

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