

## Supplementary Target's Statement

in connection with the off-market takeover offer by IGIC Pte Ltd for all the ordinary shares in Azumah Resources Limited ACN 112 320 251.

### 1 Introduction

This document is a supplementary target's statement under section 644 of the Corporations Act. It is the first supplementary target's statement (**Supplementary Target's Statement**) issued by Azumah Resources Limited ACN 112 320 251 (**Azumah**) in relation to the unconditional off-market takeover bid (**Offer**) for all of the ordinary shares in Azumah made by IGIC Pte Ltd (an affiliate of Ibaera Capital Fund GP as manager for and on behalf of private equity group, Ibaera Capital Fund GP Limited) (**Ibaera**).

This Supplementary Target's Statement supplements, and should be read together with, Azumah's target's statement dated 16 October 2019 in relation to the Offer (**Target's Statement**). Unless the context requires otherwise, terms defined in the Target's Statement have the same meaning in this Supplementary Target's Statement. The Annexures to this Supplementary Target's Statement form part of this Supplementary Target's Statement.

It is important that you read the Target's Statement and this Supplementary Target's Statement in their entirety before making any investment decision and any decision relating to the Offer.

### 2 Azumah Board unanimously recommends increased last and final Offer of 3.3 cents

On 28 October 2019, Ibaera released an announcement to ASX headed "Supplementary Bidder's Statement" pursuant to which Ibaera announced that it had (amongst other things) increased the consideration offered under its Offer to 3.3 cents per Azumah Share (**Increased Offer**) and extended the scheduled closing date of its Increased Offer until 7.00pm (Sydney time) on 3 December 2019, unless extended.

Ibaera has declared the increased Offer price to be last and final.

As a result of the Increased Offer, Azumah announced on 28 October 2019 that its Directors have now unanimously recommended that Azumah Shareholders **ACCEPT** the Increased Offer, in the absence of any superior proposal. Further, each of the Azumah Directors who hold or control Azumah Shares intend to accept the Increased Offer in relation to those Shares in the absence of a superior proposal.

**Shareholders can accept the Increased Offer by using the original acceptance form that accompanied Ibaera's Bidder's Statement.**

**All Shareholders who accept the Increased Offer will be entitled to receive the increased Offer consideration of 3.3 cents per Share, not 2.8 cents.**

**Shareholders who have already accepted Azumah's original 2.8 cents per share Offer will now receive 3.3 cents per share.**

**Shareholders who may have sold their Azumah Shares on-market during the Offer period will not receive any further consideration in respect of their Azumah Shares.**

**Further details on how to accept the Increased Offer are set out in clause 9.3 of Ibaera's Bidder's Statement. Shareholders who would like to receive another acceptance form should call the Ibaera Offer Information Line on 1300 381 953 (for callers within Australia) or +61 3 9415 4156 (for callers outside Australia).**

Copies of Azumah's and Ibaera's ASX announcements in relation to the Increased Offer are attached as Annexures A and B, respectively.

### 3 Other ASX announcements

Since lodging the Target's Statement on 16 October 2019, Azumah has made the following ASX announcements:

- Quarterly Activities Report for the quarter ended 30 September 2019, which was released to ASX on 25 October 2019, a copy of which is attached as Annexure C.
- Quarterly Cashflow Report for the quarter ended 30 September 2019, which was released to ASX on 25 October 2019, a copy of which is attached as Annexure D.
- An ASX announcement titled "Amended Agreement for Julie West Acquisition", which was released to ASX on 23 October 2019, a copy of which is attached as Annexure E.
- An ASX announcement titled "Appendix 4G and Corporate Governance Statement", which was released to ASX on 23 October 2019, a copy of which is attached as Annexure F.
- An ASX announcement titled "Annual report to shareholders", which was released to ASX on 23 October 2019, a copy of which is attached as Annexure G.

### 4 Consents

As permitted by ASIC Class Order 13/521, this Supplementary Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the ASX Listing Rules). In particular, see the ASX announcements referred to in sections 2 and 3 above. Pursuant to that Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Supplementary Target's Statement.

Any Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may obtain a copy (free of charge) during the Offer Period by contacting Azumah's Company Secretary between 9.00 am and 5.00 pm (Perth time) Monday to Friday on (+61 8) 9486 7911. The copy will be provided within 2 business days of the request.

## 5 Authorisation

A copy of this Supplementary Target's Statement was lodged with ASIC on 29 October 2019 and provided to ASX. Neither ASIC, ASX nor any of their respective officers take any responsibility for the content of this Supplementary Target's Statement.

This Supplementary Target's Statement has been approved by a resolution passed by your Directors. Each of your Directors voted in favour of that resolution.

Date: **29 October 2019**

Signed for and on behalf of  
**Azumah Resources Limited** by



**Mr Stephen Stone**  
Managing Director

Annexure A – ASX Announcement released  
by Azumah dated 28 October 2019

## AZUMAH RECOMMENDS INCREASED OFFER OF 3.3 CENTS

- Azumah Directors unanimously recommend that shareholders **ACCEPT** Ibaera's Increased Offer of 3.3 cents per share, in the absence of a superior proposal.
- The Increased Offer of 3.3 cents per Azumah share represents a compelling premium:
  - 136% premium to the closing price of Azumah shares prior to the announcement of the Offer
  - 18% premium to the initial offer made by Ibaera of 2.8 cents per Azumah share
  - Premium to the implied value of Azumah shares represented by the recent minority interest transaction between Azumah and Ibaera for the Wa Gold Project.
- The Directors of Azumah intend to accept the Increased Offer in the absence of a superior proposal.
- The Increased Offer is now scheduled to close at 7.00pm (Sydney time) on 3 December 2019, unless extended

Azumah Resources Limited (**Azumah**) (ASX: AZM) is pleased to announce that IGIC Pte Ltd (an affiliate of Ibaera Capital Fund GP as manager for and on behalf of private equity group, Ibaera Capital Fund GP Limited) (**Ibaera**) has agreed with Azumah to increase its off-market cash takeover offer for all your shares in Azumah to 3.3 cents per share (**Increased Offer**). Ibaera has declared the Increased Offer to be its last and final offer for Azumah ordinary shares.

The Directors of Azumah unanimously recommend shareholders **ACCEPT** the Increased Offer in the absence of any superior proposal. Each of the Azumah Directors who hold or control Azumah shares intend to accept the Increased Offer in relation to those shares in the absence of a superior proposal.

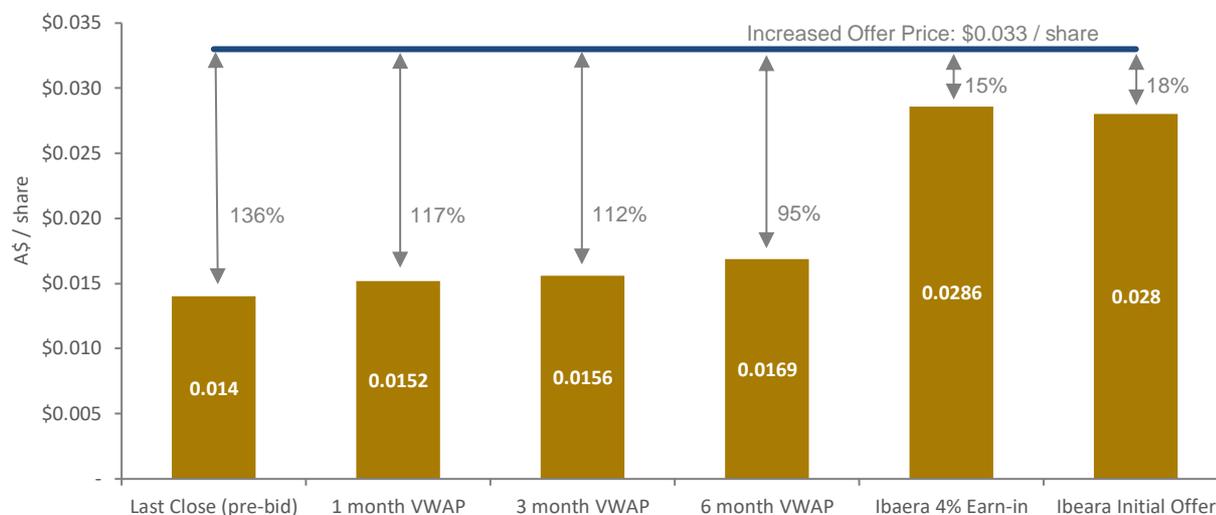
Azumah Chairman Michael Atkins said "The Increased Offer was a good result for shareholders, given the significant premium offered to the Azumah share price immediately prior to the Offer being announced, as well as being a premium to the implied value per Azumah share represented by the recent minority 4% interest earn-in transaction entered into with Ibaera in respect to the Wa Gold Project.

"The Increased Offer price and consequent premium paid to Azumah shareholders is one we believe to be a fair recognition of both Azumah and Ibaera's respective control over the development of the Wa Gold Project through the existing joint venture arrangements, particularly where key decisions over future progress require the unanimous agreement of both parties.

"We recognise that some shareholders may have preferred to realise the ultimate vision of successfully bringing the Wa Gold Project into production but after balancing the increased price now on offer for Azumah shares against the inherent future risks of successfully completing financing, construction and entering into steady state production, as a Board we unanimously believe that accepting the Increased Offer is the best path forward for shareholders."

In connection with increasing the Offer, Ibaera has agreed to shorten the payment terms to 10 business days after acceptance of the Increased Offer. The Increased Offer is now scheduled to close at 7.00pm (Sydney time) on 3 December 2019, unless extended.

Azumah shareholders who may have previously accepted the Offer are also entitled to receive the increased Offer consideration of 3.3 cents per share, not 2.8 cents. Shareholders who may have sold their Azumah shares on-market during the Offer period will not receive any further consideration in respect to their Azumah shares.

**Figure 1: Increased Offer Price Metrics<sup>1</sup>**


In connection with the Increased Offer, Azumah has agreed to:

- In the event that Ibaera acquires a relevant interest in at least 30% of Azumah's shares, appoint a nominee of Ibaera to the Azumah Board, at which point one of the existing non-executive Directors of Azumah will resign from the Board;
- In the event that Ibaera acquires a relevant interest in at least 40% of Azumah's shares, appoint an additional independent non-executive Director, nominated by Ibaera but independent of Ibaera, to the Azumah Board; and
- In the event that Ibaera acquires a relevant interest in at least 50% of Azumah's shares, appoint an additional nominee of Ibaera to the Azumah Board (which will provide Ibaera with a total of two nominees on the Azumah Board), at which point Azumah's existing Managing Director will be made redundant and will retire from the Azumah Board.

Ibaera has also agreed to pay an amount (calculated based on a Black-Scholes pricing model) for the Azumah options currently on issue in consideration of those options (at Ibaera's election) either being cancelled or exercised and accepted into the Increased Offer. All of the Azumah Directors have agreed to accept any such offer made in respect to those Azumah options.

Azumah has also agreed to cease any current discussions or negotiations relating to any transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Increased Offer. Whilst Azumah has been in discussions with third parties regarding a potential alternative transaction, no superior proposal has emerged to date.

Azure Capital is acting as financial advisor and Corrs Chambers Westgarth as legal advisor to Azumah.

For further information please contact:

**Stephen Stone**

Managing Director

Mb +61 (0) 418 804 564

stone@azumahresources.com.au

**Shane Murphy**

Senior Director – FTI Consulting

Mb +61 (0) 420 945 291

Shane.Murphy@fticonsulting.com

Follow us on:



<sup>1</sup> See section 1.1 of the Target's Statement dated 16 October 2019 issued by Azumah Resources Limited in relation to the Offer for further details regarding the calculation of the implied value of an Azumah share implied by the minority 4% earn-in interest transaction.

Annexure B – ASX Announcement released  
by Ibaera dated 28 October 2019



The Manager  
Market Announcements Office  
ASX Limited

28 October 2019

Dear Sir/Madam

**Takeover bid by IGIC Pte Ltd UEN 201727890K for Azumah Resources Limited  
First Supplementary Bidder's Statement  
Increase of offer consideration and extension of offer period**

We attach, by way of service pursuant to paragraph 647(3)(b) of the *Corporations Act 2001* (Cth), IGIC Pte Ltd's UEN 201727890K (**Ibaera**) first supplementary bidder's statement dated 28 October 2019 in relation to its off-market takeover bid for all the fully paid ordinary shares in Azumah Resources Limited ABN 72 112 320 251 (**Azumah**), which includes:

- a notice of variation increasing the offer consideration in relation to the takeover bid and extending the period during which the offer will remain open; and
- a copy of the letter to Azumah shareholders accompanying the notice.

A copy of the first supplementary bidder's statement and notice of variation has today been lodged with ASIC and sent to Azumah.

In accordance with Rules 5.13.1 and 5.14.1 of the *ASIC Market Integrity Rules (Securities Market) 2017 (Rules)* and the *Corporations Act 2001* (Cth), Ibaera advises that it may seek to acquire Azumah shares on-market at or below the increased offer price during the Bid Period (as defined in the Rules).

Yours sincerely

**Caroline Baker**  
Director  
IGIC Pte Ltd



This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth). It is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) issued by IGIC Pte Ltd UEN 201727890K (**Ibaera**) in relation to its off-market takeover bid for all the ordinary shares in Azumah Resources Limited ABN 72 112 320 251 (**Azumah**).

This First Supplementary Bidder's Statement supplements, and should be read together with, Ibaera's bidder's statement dated 18 September 2019 (**Original Bidder's Statement**).

A copy of this First Supplementary Bidder's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Unless the context otherwise requires, terms defined in the Original Bidder's Statement have the same meanings as in this First Supplementary Bidder's Statement.

## **Azumah Board unanimously recommends Ibaera's last and final increased offer of A\$0.033 per Azumah Share**

# **ACCEPT**

- **Increased Offer Price of A\$0.033 per Azumah Share, representing a 136% premium<sup>1</sup>**
- **Increased Offer Price is last and final**
- **Azumah Board UNANIMOUSLY RECOMMENDS that shareholders ACCEPT the Offer<sup>2</sup>**
- **All Azumah director's intend to accept the Offer in respect of all of their Azumah Shares**
- **Accelerated 10 business day payment of the cash consideration**
- **Offer Period extended to close at 7.00pm (Sydney time) on 3 December 2019 (unless extended)**

Ibaera has today announced an increase to its unconditional all-cash Offer for Azumah to A\$0.033 per Azumah Share, which has been unanimously recommended by the Azumah Board in the absence of a superior proposal.

The increased Offer Price is extremely compelling for Azumah shareholders, representing a substantial control premium (based on the trading price of Azumah Shares up to and including 17 September 2019, being the last trading day prior to announcement of the Offer) of:

- 136% to the last closing price of Azumah Shares;
- 112% to the 3 month VWAP of Azumah Shares; and
- 95% to the 6 month VWAP of Azumah Shares.

<sup>1</sup> To the last closing price of Azumah Shares on 17 September 2019 (the last trading day prior to announcement of the Offer).

<sup>2</sup> In the absence of a superior proposal.

**Ibaera strongly encourages you to ACCEPT the compelling Offer which provides you with certain value and avoids the significant risks of remaining an Azumah shareholder.**

- If you do not accept the increased Offer, and Ibaera and Azumah proceed to develop the Wa Gold Project, the interests of existing Azumah shareholders may be diluted as a result of the financing of Azumah's share of the development costs.
- A competing proposal is unlikely to emerge given Ibaera's substantial ownership of both Azumah and the Wa Gold Project.
- If the Offer closes, the Azumah Share price may fall and trade at a material discount to the Offer Price.

#### **Accelerated payment terms**

Ibaera will pay the cash consideration due to Azumah shareholders within 10 business days of the shareholder's valid acceptance of the Offer being received.

#### **Offer period extension**

The Offer Period has been extended by one month and will now close at 7.00pm (Sydney time) on 3 December 2019 (unless extended).

#### **Funding of increased Offer Price**

As a result of the increased Offer Price, the maximum cash payable under the Offer has increased. Ibaera believes it has a reasonable basis for holding the view, and it does hold the view, that Ibaera will be able to satisfy its obligations to fund the maximum consideration payable under the Offer as and when it is due and payable under the terms of the Offer.

Further details regarding Ibaera's funding arrangements are set out in section 5.2 of the Original Bidder's Statement.

#### **Additional agreed terms of the Offer**

In connection with the increased Offer, Azumah has agreed to:

- in the event that Ibaera acquires a relevant interest in at least 30% of Azumah's Shares, appoint a nominee of Ibaera to the Azumah Board, at which point one of the existing non-executive directors of Azumah will resign from the Azumah Board;
- in the event that Ibaera acquires a relevant interest in at least 40% of Azumah's Shares, appoint an additional independent non-executive director, nominated by Ibaera but independent of Ibaera, to the Azumah Board; and
- in the event that Ibaera acquires a relevant interest in at least 50% of Azumah's Shares, appoint an additional nominee of Ibaera to the Azumah Board (which will provide Ibaera with a total of two nominees on the Azumah Board), at which point Azumah's existing Managing Director will be made redundant and will retire from the Azumah Board.

Ibaera has also agreed to pay an amount (calculated based on a Black-Scholes pricing model) for the Azumah Options currently on issue in consideration of those Azumah Options (at Ibaera's election) either being cancelled or exercised and accepted into the increased Offer. All of the Azumah Directors have agreed to accept any such offer made in respect to those Azumah Options.

### **ACCEPT the increased and final Offer**

Ibaera encourages Azumah shareholders to accept this compelling Offer by following the instructions set out in the acceptance forms that have been sent to shareholders.

A copy of the notice of variation in relation to the increase in the Offer Price and extension of the Offer Period, and the accompanying letter to shareholders, is set out in Attachment 1.

Azumah shareholders who have any questions in relation to the takeover bid or who would like another acceptance form should call the Ibaera Offer Information Line on 1300 381 953 (for callers within Australia) or +61 3 9415 4156 (for callers outside Australia).

In accordance with Rules 5.13.1 and 5.14.1 of the *ASIC Market Integrity Rules (Securities Market) 2017 (ASIC Market Integrity Rules)* and the Corporations Act, Ibaera advises that it may seek to acquire Azumah Shares on-market at or below \$0.033 per Share during the Bid Period (as defined in the ASIC Market Integrity Rules). Ibaera confirms that it has appointed Euroz Securities Limited for this purpose.

Treadstone Resources Partners is acting as financial advisor and Herbert Smith Freehills as legal advisor to Ibaera Capital.

This First Supplementary Bidder's Statement has been approved by a resolution passed by the director of Ibaera.

*date*            28 October 2019 \_\_\_\_\_

Signed for and on behalf of  
**IGIC Pte Ltd**  
by

*sign here* ►



\_\_\_\_\_  
Director

*print name*    Caroline Baker \_\_\_\_\_

## ATTACHMENT 1



Dear Shareholder

### **Ibaera increases its offer price and extends the offer period**

IGIC Pte Ltd UEN 201727890K (**Ibaera**) has increased the consideration offered under its takeover bid for all the fully paid ordinary shares in Azumah Resources Limited ABN 72 112 320 251 (**Azumah**) and extended the offer period.

If you accept Ibaera's offer you will be paid \$A0.033 for every fully paid ordinary share in Azumah (instead of A\$0.028). If you have already accepted the offer you will automatically be entitled to receive this higher price.

The period during which the offer will remain open has been extended, so that the offer will now close at 7.00pm (Sydney time) on 3 December 2019 (unless extended).

A formal notice of variation required by the *Corporations Act 2001* (Cth) is enclosed, along with Ibaera's first supplementary bidder's statement.

If you have already accepted Ibaera's offer you need not take any action. If you have not, I strongly urge you to accept the offer without delay.

If you have any queries in relation to how to accept the offer or any other matter relating to the takeover bid, please contact Ibaera's offer information line on 1300 381 953 (within Australia) or +61 3 9415 4156 (outside Australia).

Yours sincerely

A handwritten signature in black ink that reads 'CBaker'.

**Caroline Baker**  
Director  
IGIC Pte Ltd

A copy of this notice was lodged with ASIC on 28 October 2019.

ASIC takes no responsibility for the contents of this notice.

**IGIC Pte Ltd UEN 201727890K**

**Takeover offer for Azumah Resources Limited ABN 72 112 320 251**

**Notice of variation – increase in consideration offered and extension of offer period**

---

To: Australian Securities and Investments Commission

ASX Limited

Azumah Resources Limited ABN 72 112 320 251 (**Azumah**)

Each Azumah shareholder and other person referred to in sections 650D(1)(c) and 650D(2) of the *Corporations Act 2001* (Cth) (as modified by ASIC Class Order CO 13/521) (**Corporations Act**)

IGIC Pte Ltd UEN 201727890K gives notice for the purposes of section 650D of the Corporations Act that its takeover offer for all of the fully paid ordinary shares in Azumah contained in its bidder's statement dated 18 September 2019 is varied by:

- increasing the offer consideration from A\$0.028 to A\$0.033 for each Azumah share; and
- extending the period during which the offer will remain open, so that the offer will now close at 7.00pm (Sydney time) on 3 December 2019 (unless extended).

date 28 October 2019

Signed for and on behalf of

**IGIC Pte Ltd**

by

sign here ►



Director

print name Caroline Baker

Annexure C – ASX Announcement released  
by Azumah dated 25 October 2019

# Activities Report

## September 2019 Quarter

West African focused gold explorer and developer, Azumah Resources Ltd (ASX: AZM) (“Azumah”) presents its Activities Report for the Quarter ended 30 September 2019 and in particular developments at its Wa Gold Project, Ghana (Figure 1. Tables 1, A and B).

### OPERATIONS

#### Bepkong Underground Scoping Study

- A Scoping Study to evaluate the technical and commercial merits of mining deeper-level mineralisation at the Bepkong deposit (“Bepkong Underground”) has indicated that an underground mining operation could provide a material boost to the already financially robust Wa Gold Project, Ghana (“Project”)(ASX release 5 August 2019).
- A Production Target of approximately an additional 154,000oz of contained gold which adds approximately US\$32 million cash flow at a gold price of US\$1,300 per ounce (post-royalty, pre-tax) has been estimated.
- The Bepkong deposit is a key component of the Project for which a Feasibility Study being managed by joint venture partner, Ibaera Capital (“Ibaera”), and based on a 1,028,000oz Ore Reserve (18Mt at 1.77g/t Au)(JORC 2012), is nearing completion (ASX release 30 January 2019).

#### Feasibility Study progress

- At present, the Project is expected to have a pre-tax NPV<sub>5%</sub> of US\$177 million, an IRR of 35% and to pay back the US\$117 million establishment capital in 1.6 years. This is based on open-pit optimisations and revenue estimates using a US\$1,300 gold price.
- At an assumed gold price of US\$1,500/oz, and with all other inputs and assumptions unchanged, it is estimated that the Project’s pre-tax, post-Government royalty net cash flow could increase to US\$448 million, the NPV<sub>5%</sub> to approximately US\$309 million and the IRR to approximately 54% (Table 1)(ASX release 11 September 2019). This excludes any benefits arising from the development of the Bepkong Underground deposit.

**Table 1**

|                   | US\$1,300/oz Gold <sup>1</sup> | US\$1,500/oz Gold <sup>1</sup> |
|-------------------|--------------------------------|--------------------------------|
| Net cash flow     | US\$270 million                | US\$448 million                |
| NPV <sub>5%</sub> | US\$177 million                | US\$309 million                |
| IRR               | 35%                            | 54%                            |

- Following Azumah’s election to allow joint venture partner, Ibaera, to sole fund the remaining US\$2.25 million budget to complete the Feasibility Study, the partners agreed that Ibaera may increase its direct interest in the Project by 4%, to a total of 46.5%. Azumah will retain a majority interest of 53.5%.
- With the required funding in place, the Feasibility Study is expected to be completed in Q1 2020.
- The Project joint venture has not made a production decision and its strategic plan to develop a gold mining operation is subject to the results of the completed Feasibility Study and other factors, some of which are beyond its control.

<sup>1</sup> Refer ASX release 30 January 2019. The Feasibility Study is not yet completed. The Ore Reserve estimation and estimates undertaken included a sensitivity analysis at a range of -30% to +30% on a series of key inputs, including the gold price. Net cash flow, NPV and IRR are pre-tax, post-Government royalty. The exchange rate applied was USD/AUD 0.75. All outputs could change. Refer Forward looking Statements below.

### ASX & Media Release

**25 October 2019**

**ASX: AZM**

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

### Wa Gold Project: Value

2.77Moz Mineral Resource

1.0Moz Ore Reserve

Advanced Feasibility Study

2,400km<sup>2</sup> fertile terrain

### Upside

Growing resources and reserves

Widespread anomalism

Numerous priority targets

### Issued Capital

978.6M ordinary shares

45M 3c opts exp 13.11.2021

3M 3c opts exp 30.06.2020

1.5M 3c opts exp 31.01.2021

### Directors & Management

Chairman:  
Michael Atkins

Managing Director:  
Stephen Stone

Non-Executive Director:  
Debra Bakker  
Linton Putland

### Contact

Stephen Stone  
Mb: +61 (0) 418 804 564  
[stone@azumahresources.com.au](mailto:stone@azumahresources.com.au)

- Exploration has recommenced following the cessation of seasonal rains. At present, due to still wet ground conditions, it comprises mainly mapping and auger sampling at key targets.

### Government

- Discussions are progressing with the Ghana Government on a fiscal stability agreement. The Ghana Government has already demonstrated its strong support for the Project by granting two 15-year mining leases over the Kunche-Bepkong and Julie deposits. In addition, it has already installed a 161kV powerline to the proposed mine gate at no cost to the Project.
- The Ghana EPA is presently evaluating final submissions for the issue of EPA licences for the Kunche-Bepkong and the Julie deposits.

### CORPORATE

- On 18 September 2019, joint venture partner, Ibaera, lodged an unconditional all-cash offer to acquire all of the issued shares in Azumah for \$0.028 (2.8 cents) per share (“Offer”).
- The Directors of Azumah are advising shareholders to REJECT the unsolicited Offer by DOING NOTHING in relation to the documents sent to them by Ibaera.
- Azumah’s Target’s Statement, which includes the Directors’ recommendation, was released to the ASX on 16 October 2019.
- Azumah retained cash of approximately A\$2.9 million as at 30 September 2019. The Company will incur material but presently indeterminate costs in responding to the Ibaera Offer.
- The Company holds a 12.4% (27.7M shares) shareholding in Ghana neighbour, Castle Minerals Limited (~\$0.22 million as at the date of this Report).

#### For further information please contact:

**Stephen Stone**  
Managing Director  
Mb 61 (0) 418 804 564  
[stone@azumahresources.com.au](mailto:stone@azumahresources.com.au)

**Media: Peter Harris**  
Peter Harris & Associates  
Mb 61 (0) 412 124 833

Follow us on:



### About Azumah Resources Limited

Azumah Resources Limited is a Perth-based, ASX-listed (ASX: AZM) company focused on exploring and developing the regional-scale Wa Gold Project in the Upper West Region of Ghana, West Africa (Project). All of Azumah’s Ghana interests are held through Azumah Resources Ghana Limited (AZG), a company in which Azumah currently holds a 57.5% shareholding.

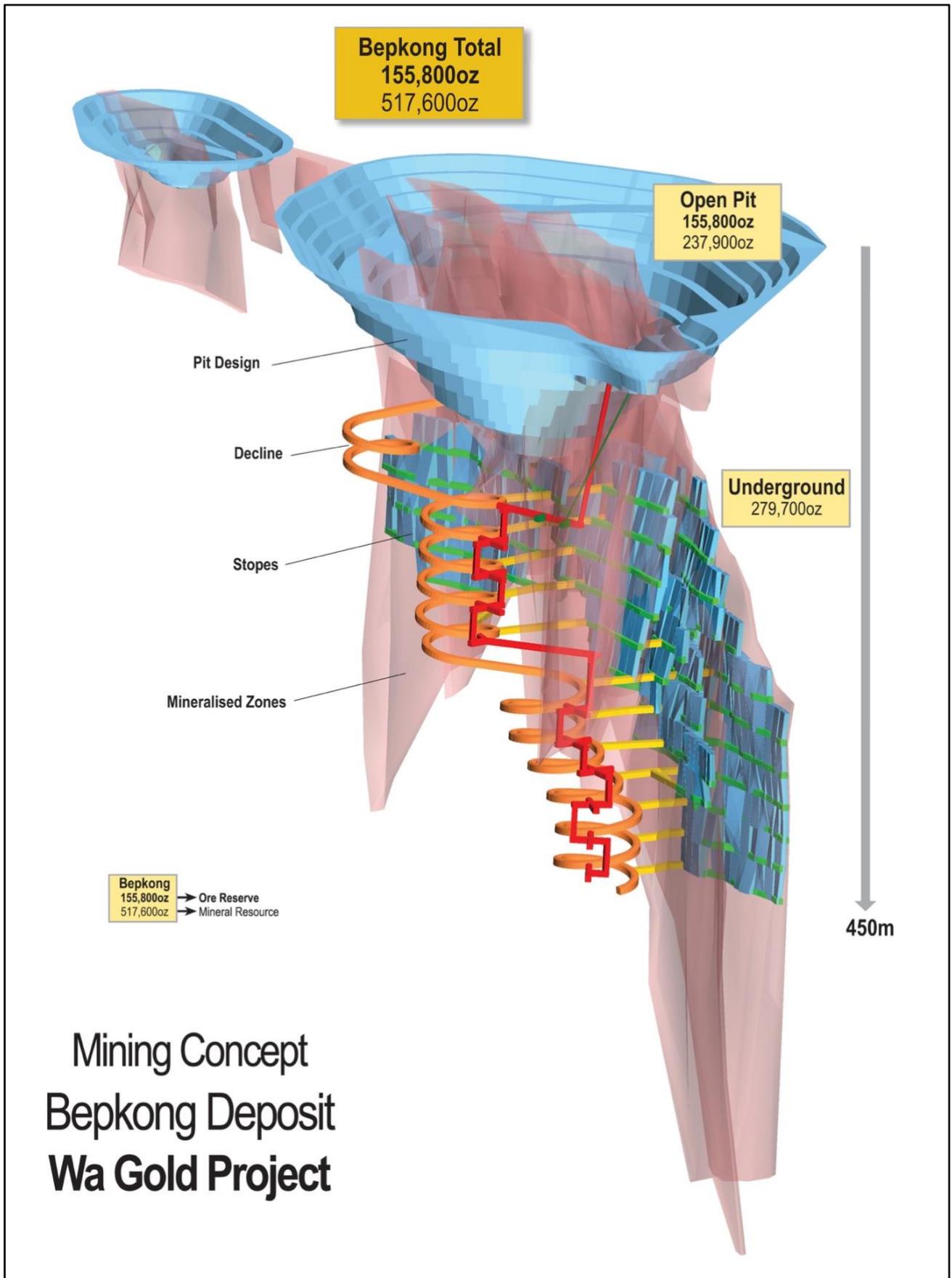
Three main deposits have been discovered and extensively drilled at Kunche and Bepkong, adjacent to the Black Volta River and Ghana's border with Burkina Faso, and at Julie approximately 80km to the east.

Several satellite deposits including Aduane, Kunche Northwest, Yagha, Julie West, Danyawu, Alpha/Bravo, Josephine and Collette have also been discovered and delineated.

To date, the Company has estimated a JORC 2012 Mineral Resource of 2.8Moz of gold grading 1.7g/t Au, including 1.8Moz Measured and Indicated grading 1.8g/t Au. These are evenly distributed between the Kunche-Bepkong and Wa East (Julie deposit etc.) camps.

In January 2019, an Ore Reserve estimate of 1,028,000oz (18Mt at 1.77g/t Au)(JORC 2012) was reported. A Feasibility Study is scheduled for finalisation in early-2020 and a development decision is expected to be made shortly thereafter.

**Fig 1: Bepkong Open Pit Design and Scoping Study Underground Mining Concept**



Extensive metallurgical test work has confirmed a high average overall gold recovery of ~92% for the combined Kunche, Bepkong and Julie deposits.

Mineral Resources have been progressively grown through a focused, systematic approach to the exploration of the Company's 2,400km<sup>2</sup> licence holdings. These encompass large tracts of prospective Birimian terrain, the rocks that host the majority of West Africa's gold mines.

Much of the tenure is covered in soil, alluvium or laterite, so most discoveries have been 'blind'. Azumah anticipates Mineral Resources will substantially grow as AZG continues to generate and test its extensive pipeline of targets.

AZG has two 15-year Mining Leases over its principal deposits (the Ghana Government holds a 10% free carried interest in their 'rights and obligations' and is also entitled to a 5% gross gold royalty).

No technical, social or environmental impediments to development have been identified, no communities need to be relocated and rehoused, and there is strong support from key stakeholders for the Project.

The Project benefits from excellent regional infrastructure including grid power to site; good quality bituminised and non-bituminised roads, easy access to water, a 2km sealed airstrip at the regional centre of Wa and good general communications.

### **Ibaera Funding Transaction**

In 2017 Azumah executed an Earn-In and Shareholders Agreement (EISA) with private equity group, Ibaera Capital GP Limited (Ibaera), whereby Ibaera has since earned a 42.5% interest in AZG, and therefore the Wa Gold Project, by spending US\$11.25M over two years (ASX release 11 July 2019). On 24 July 2019, Azumah advised that it had elected to allow Ibaera to sole fund the next approved US\$2.25M budget and programme that is expected to see the Feasibility Study completed ("Additional Earn-In Funding"). Upon funding the Additional Earn-In Funding, Ibaera will earn an additional 4% interest in AZG, total 46.5%, with Azumah retaining majority ownership at 53.5% (refer ASX release 11 September 2019).

Ibaera's owners, principals and management are all highly regarded geologists, engineers and financiers and, pursuant to the EISA, are now managing all facets of the Project.

### **Previously reported information**

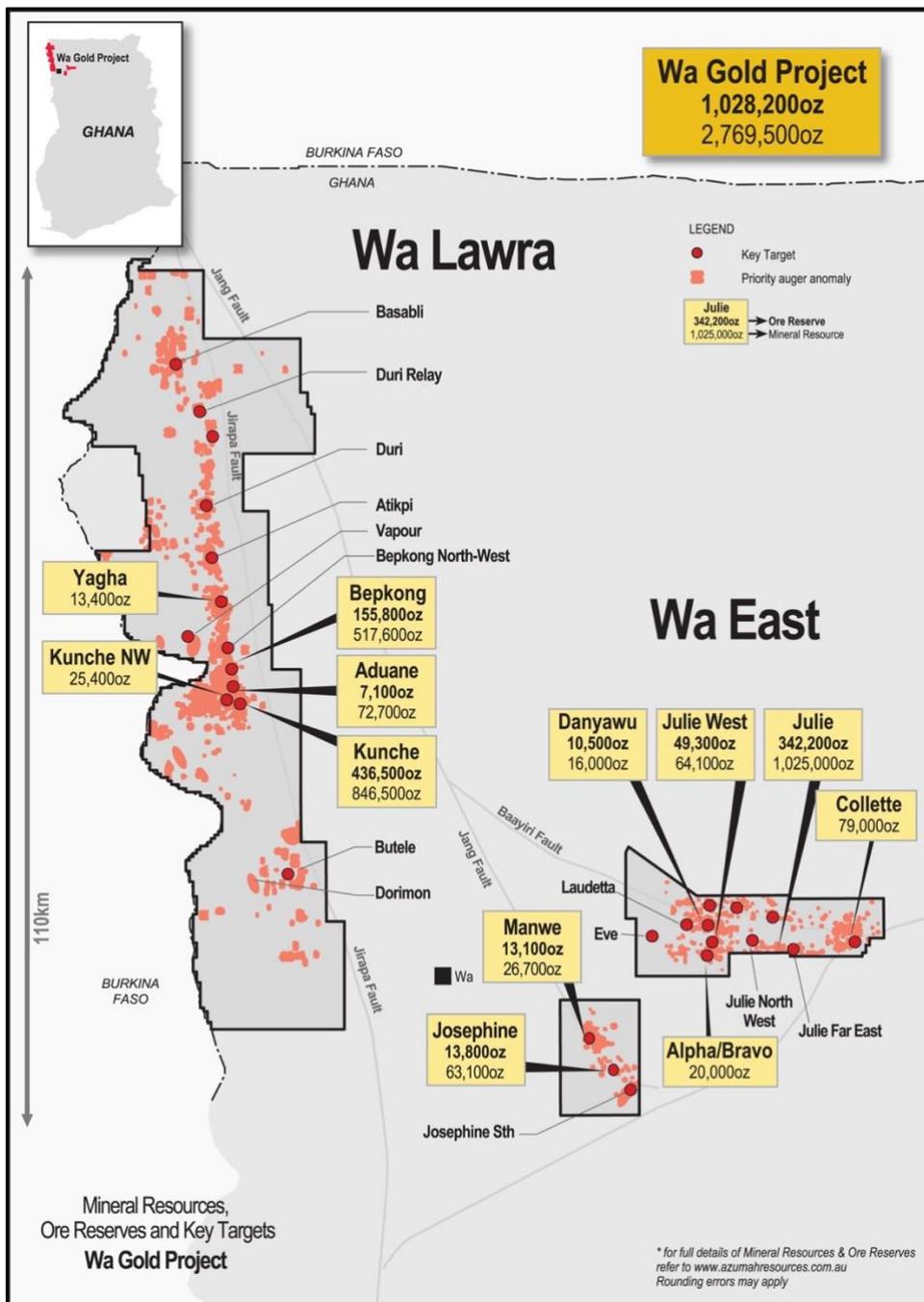
This report includes information that relates to Ore Reserves, Mineral Resources, Pre-Feasibility Study results, Production Targets and forecast financial information derived from Production Targets and Exploration Results which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- Mineral Resources: 2 September 2014 "Azumah Increases Ore Reserves 45%"
- Mineral Resources: 28 September 2018 "Mineral Resources Increased 21% to 2.5Moz"
- Ore Reserves: 30 January 2019 "Ore Reserve and Study Progress Update"
- Mineral Resources: 2 July 2019 "Maiden Bepkong Underground Mineral Resource of 279,700oz at 3.59g/t Au"
- Scoping Study: 5 August 2019 "Bepkong Underground Scoping Study"

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

Statements of Competent Persons for the various Mineral Resource Estimates and Ore Reserve Estimates can all be found on the Company's website at: [http://www.azumahresource.com.au/projects-competent\\_persons.php](http://www.azumahresource.com.au/projects-competent_persons.php)

### Wa Gold Project: Mineral Resources, Ore Reserves, Key Targets and Prospects



### Forward-Looking Statements

All statements other than statements of historical fact included in this document including, without limitation, statements regarding plans and objectives of Azumah, are forward-looking statements. Forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Azumah that could cause Azumah’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained on this website will occur and investors are cautioned not to place any reliance on these forward-looking statements. Azumah does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained on this website, except where required by applicable law and stock exchange listing requirements.

**Table A: Ore Reserve Summary – JORC Code 2012 – Updated 30 January 2019**

| (As at January 2019) | Proved      |              |                | Probable    |              |                | Total       |              |                  |
|----------------------|-------------|--------------|----------------|-------------|--------------|----------------|-------------|--------------|------------------|
|                      | Tonnes (Mt) | Grade g/t Au | Gold oz        | Tonnes (Mt) | Grade g/t Au | Gold Oz        | Tonnes (Mt) | Grade g/t Au | Gold oz          |
| Kunche               | 8.0         | 1.51         | 388,600        | 0.9         | 1.65         | 47,900         | 8.9         | 1.52         | 436,500          |
| Bepkong              | 2.4         | 1.65         | 124,400        | 0.7         | 1.41         | 31,300         | 3.0         | 1.59         | 155,800          |
| Aduane               |             |              |                | 0.2         | 1.11         | 7,100          | 0.2         | 1.11         | 7,100            |
| Julie                | 1.2         | 2.11         | 83,600         | 3.6         | 2.24         | 258,600        | 4.8         | 2.21         | 342,200          |
| Julie West           |             |              |                | 0.4         | 3.59         | 49,300         | 0.4         | 3.59         | 49,300           |
| Danyawu              |             |              |                | 0.1         | 4.63         | 10,500         | 0.1         | 4.63         | 10,500           |
| Josephine            |             |              |                | 0.3         | 1.29         | 13,800         | 0.3         | 1.29         | 13,800           |
| Manwe                |             |              |                | 0.2         | 1.91         | 13,100         | 0.2         | 1.91         | 13,100           |
| <b>Total</b>         | <b>11.6</b> | <b>1.60</b>  | <b>596,700</b> | <b>6.4</b>  | <b>2.09</b>  | <b>431,500</b> | <b>18.0</b> | <b>1.77</b>  | <b>1,028,200</b> |

Numbers have been rounded

**Table B: Mineral Resource Estimate – JORC Code 2012 – Updated 19 June 2019**

| Deposit          | Cut-Off Au g/t | Measured      |            |                | Indicated     |            |                  | Measured + Indicated |            |                  | Inferred      |            |                | Grand Total   |            |                  |
|------------------|----------------|---------------|------------|----------------|---------------|------------|------------------|----------------------|------------|------------------|---------------|------------|----------------|---------------|------------|------------------|
|                  |                | Tonnes (Kt)   | Au g/t     | Ounces         | Tonnes (Kt)   | Au g/t     | Ounces           | Tonnes (Kt)          | Au g/t     | Ounces           | Tonnes (Kt)   | Au g/t     | Ounces         | Tonnes (Kt)   | Au g/t     | Ounces           |
| <b>Wa-Lawra:</b> |                |               |            |                |               |            |                  |                      |            |                  |               |            |                |               |            |                  |
| Kunche           | 0.5            | 8,835         | 1.6        | 446,000        | 3,404         | 1.3        | 145,000          | 12,239               | 1.5        | 591,000          | 7,616         | 1.0        | 255,700        | 19,855        | 1.3        | <b>846,500</b>   |
| Bepkong o/c      | 0.5            | 3,163         | 1.8        | 185,000        | 728           | 1.4        | 33,000           | 3,704                | 1.7        | 218,000          | 462           | 1.4        | 20,000         | 4,354         | 1.7        | <b>237,900</b>   |
| Bepkong u/g      | 2.0            | 16            | 4.3        | 2              | 1,270         | 4.1        | 165,000          | 1,286                | 4.1        | 168,000          | 1,138         | 3.1        | 112,000        | 2,424         | 3.6        | <b>279,700</b>   |
| Aduane           | 0.5            |               |            |                | 322           | 1.2        | 12,800           | 322                  | 1.2        | 12,800           | 1,491         | 1.3        | 59,900         | 1,812         | 1.3        | <b>72,700</b>    |
| Kunche NW        | 0.5            |               |            |                |               |            |                  |                      |            |                  | 694           | 1.1        | 25,400         | 694           | 1.1        | <b>25,400</b>    |
| Yagha            | 0.5            |               |            |                |               |            |                  |                      |            |                  | 333           | 1.3        | 13,400         | 333           | 1.3        | <b>13,400</b>    |
| <b>Wa East:</b>  |                |               |            |                |               |            |                  |                      |            |                  |               |            |                |               |            |                  |
| Julie            | 0.5            | 1,490         | 2.1        | 101,000        | 9,300         | 1.9        | 572,100          | 10,790               | 1.9        | 673,000          | 6,360         | 1.7        | 352,000        | 17,150        | 1.9        | <b>1,025,000</b> |
| Collette         | 0.5            |               |            |                |               |            |                  |                      |            |                  | 1,690         | 1.5        | 79,000         | 1,690         | 1.5        | <b>79,000</b>    |
| Julie West       | 1.0            |               |            |                | 455           | 4.0        | 58,900           | 455                  | 4.0        | 58,900           | 68            | 2.4        | 5,100          | 523           | 3.8        | <b>64,100</b>    |
| Danyawu          | 1.0            |               |            |                | 105           | 4.2        | 14,200           | 105                  | 4.2        | 14,200           | 38            | 1.5        | 1,800          | 143           | 3.5        | <b>16,000</b>    |
| Alpha/Bravo      | 1.0            |               |            |                |               |            |                  |                      |            |                  | 148           | 4.2        | 20,000         | 148           | 4.2        | <b>20,000</b>    |
| Josephine        | 1.0            |               |            |                | 709           | 1.5        | 34,500           | 709                  | 1.5        | 34,500           | 580           | 1.5        | 28,600         | 1,290         | 1.5        | <b>63,100</b>    |
| Manwe            | 1.0            |               |            |                | 257           | 2.1        | 17,300           | 257                  | 2.1        | 17,300           | 192           | 1.5        | 9,400          | 450           | 1.9        | <b>26,700</b>    |
| <b>Total</b>     |                | <b>13,504</b> | <b>1.7</b> | <b>732,002</b> | <b>16,550</b> | <b>2.0</b> | <b>1,052,800</b> | <b>29,867</b>        | <b>1.8</b> | <b>1,787,700</b> | <b>20,810</b> | <b>1.5</b> | <b>982,300</b> | <b>50,866</b> | <b>1.7</b> | <b>2,769,500</b> |

- Note: Values have been rounded.
- A lower cut-off of 0.5g/t Au was used for Kunche, Bepkong o/c (open-cut), Aduane, Julie and Collette, and a lower cut-off of 1.0g/t Au was used for Julie West and Danyawu. A lower cut-off of 2.0g/t was used for Bepkong u/g (underground).

Annexure D – ASX Announcement released  
by Azumah dated 25 October 2019

## Appendix 5B

# Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

### Name of entity

**Azumah Resources Limited**

### ABN

72 112 320 251

### Quarter ended ("current quarter")

30 September 2019

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | -                          | -                                     |
| 1.2 Payments for  |                            |                                       |
| (a) exploration & evaluation                              | (6)                        | (6)                                   |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) staff costs   | (158)                      | (158)                                 |
| (e) administration and corporate costs                    | (221)                      | (221)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | 3                          | 3                                     |
| 1.5 Interest and other costs of finance paid              | -                          | -                                     |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Research and development refunds                      | -                          | -                                     |
| 1.8 Other (provide details if material)                   | -                          | -                                     |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(382)</b>               | <b>(382)</b>                          |

|  |   |   |
|--|---|---|
| <b>2. Cash flows from investing activities</b> |   |   |
| 2.1 Payments to acquire:                       |   |   |
| (a) property, plant and equipment              | - | - |
| (b) tenements (see item 10)                    | - | - |
| (c) investments                                | - | - |
| (d) other non-current assets                   | - | - |

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| 2.2 Proceeds from the disposal of:                        |                                    |  |
| (a) property, plant and equipment                         | -                                  | -  |
| (b) tenements (see item 10)                               | -                                  | -  |
| (c) investments   | -                                  | -  |
| (d) other non-current assets                              | -                                  | -  |
| 2.3 Cash flows from loans to other entities               | -                                  | -  |
| 2.4 Dividends received (see note 3)                       | -                                  | -  |
| 2.5 Other (provide details if material)                   | -                                  | -  |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>-</b>                           | <b>-</b>                                       |

|   |              |              |
|---|--------------|--------------|
| <b>3. Cash flows from financing activities</b>                                  |              |              |
| 3.1 Proceeds from issues of shares  | 2,750        | 2,750        |
| 3.2 Proceeds from issue of convertible notes                                    | -            | -            |
| 3.3 Proceeds from exercise of share options                                     | -            | -            |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (210)        | (210)        |
| 3.5 Proceeds from borrowings  | -            | -            |
| 3.6 Repayment of borrowings   | -            | -            |
| 3.7 Transaction costs related to loans and borrowings                           | -            | -            |
| 3.8 Dividends paid  | -            | -            |
| 3.9 Other (provide details if material)   | -            | -            |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>2,540</b> | <b>2,540</b> |

|   |              |              |
|---|--------------|--------------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |              |              |
| 4.1 Cash and cash equivalents at beginning of period                            | 701          | 701          |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (382)        | (382)        |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | -            | -            |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | 2,540        | 2,540        |
| 4.5 Effect of movement in exchange rates on cash held                           | -            | -            |
| <b>4.6 Cash and cash equivalents at end of period</b>                           | <b>2,859</b> | <b>2,859</b> |

| 5. <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Bank balances  | 2,359                      | 321                         |
| 5.2 Call deposits  | 500                        | 750                         |
| 5.3 Bank overdrafts  | -                          | -                           |
| 5.4 Other (provide details)  | -                          | -                           |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>2,859*</b>              | <b>1,071</b>                |

\* Excludes 30 September 2019 market value of listed equity investments of \$249,525.

| 6. <b>Payments to directors of the entity and their associates</b>                                       | Current quarter<br>\$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | 137                        |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | Nil                        |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 |                            |

Item 6.1 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

| 7. <b>Payments to related entities of the entity and their associates</b>                                | Current quarter<br>\$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | Nil                        |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | Nil                        |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                            |

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | Nil   | Nil  |
| 8.2 Credit standby arrangements  | Nil   | Nil  |
| 8.3 Other (please specify)   | Nil   | Nil  |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |   |  |

N/A

| <b>9. Estimated cash outflows for next quarter</b>           | <b>\$A'000</b> |
|--|----------------|
| 9.1 Exploration and evaluation                               | 50             |
| 9.2 Development  | -              |
| 9.3 Production   | -              |
| 9.4 Staff costs  | 250            |
| 9.5 Administration and corporate costs                       | 1,350          |
| 9.6 Other (provide details if material) Tenement acquisition | 170            |
| <b>9.7 Total estimated cash outflows</b>                     | <b>1,820</b>   |

| <b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>                            | <b>Tenement reference and location</b> | <b>Nature of interest</b> | <b>Interest at beginning of quarter</b> | <b>Interest at end of quarter</b> |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | Note 1                                 |                           |   |                                   |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased           |  |                           |   |                                   |

Note 1: Refer to the 'Interest in Mining Tenements' table under the 'Information Required by Listing Rule 5.3.3' on page 6.

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....

(Company secretary)

Date: 25 October 2019

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. By the Company signing this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:
  - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
  - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
  - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

**Information Required by Listing Rule 5.3.3**

**Interests in Mining Tenements<sup>(1)</sup>**

| Tenement reference and location | Interest at beginning of Quarter | Acquired / (Disposed) | Interest at end of Quarter                            |
|---------------------------------|----------------------------------|-----------------------|---|
| ML 10/1 Kunche                  | 90%                              | (38.25%)              | 51.75%*   |
| ML 10/5 Julie                   | 90%                              | (38.25%)              | 51.75%*   |
| PL 10/4 Collette, Loggo         | 100%                             | (42.5%)               | 57.5%   |
| PL 10/5 Julie near Du           | 100%                             | (42.5%)               | 57.5%   |
| PL 10/9 Josephine, Du           | 100%                             | (42.5%)               | 57.5%   |
| PL 10/12 Vapor                  | 100%                             | (42.5%)               | 57.5%   |
| PL 10/13 Julie West             | Assignment                       | N/A                   | Assignment  |
| PL 10/13 Basabli                | 100%                             | (42.5%)               | 57.5%   |
| PL 10/14 Duri                   | 100%                             | (42.5%)               | 57.5%   |
| PL 10/18 Butele                 | 100%                             | (42.5%)               | 57.5%   |
| PL 10/19 Vapor West             | 100%                             | (42.5%)               | 57.5%   |
| PL 10/20 Vapor South            | 100%                             | (42.5%)               | 57.5%   |
| PL 10/35 Dorimon West           | 100%                             | (42.5%)               | 57.5%   |
| PL 10/36 Tangasia               | 100%                             | (42.5%)               | 57.5%   |
| PL 10/37 Zadong South           | 100%                             | (42.5%)               | 57.5%   |
| PL 10/38 Dorimon                | 100%                             | (42.5%)               | 57.5%   |
| PL 10/39 Vapor S/West           | 100%                             | (42.5%)               | 57.5%   |
| PL 10/41 Lawra North            | 100%                             | (42.5%)               | 57.5%   |
| PL 10/42 Tangasia North         | 50%                              | (21.25%)              | 28.75%  |
| PL 10/43 Samoa S/West           | 50%                              | (21.25%)              | 28.75%  |
|                                 |                                  |                       | *Ghana 10% Free Carried Interest and 5% Gross Royalty |

- (1) As announced to the ASX on 1 September 2017, Azumah executed an Earn-In and Shareholders Agreement (EISA) with private equity group Ibaera Capital GP Limited, which has resulted in Ibaera earning a 42.5% direct interest in Azumah's Wa Gold Project. On 11 September 2019, Ibaera agreed to sole fund the next US\$2.25 million of expenditure on the Project to earn a further 4% interest so as to take its total interest in the Project to 46.5%. All tenements included in the table above are within the scope of the EISA.

**Interests in Farm-In or Farm-Out Arrangements**

| Tenement reference and location | Interest at beginning of Quarter | Acquired / (Disposed) | Interest at end of Quarter |
|---------------------------------|----------------------------------|-----------------------|----------------------------|
| N/A                             | N/A                              | N/A                   | N/A                        |

Annexure E – ASX Announcement released  
by Azumah dated 23 October 2019

## **Amended Agreement for Julie West Acquisition**

West African gold explorer and developer Azumah Resources Limited (ASX: AZM) (“Azumah” or the “Company”) advises that it has agreed to pay Castle Minerals Limited (ASX:CDT) (“Castle”) the final \$250,000 cash component of the purchase price owing in respect to the acquisition of the Julie West prospecting licence, notwithstanding that the consent of the Ghana Minister of Mines and Natural Resources to the transfer of legal title to that licence remains outstanding.

The payment of this residual amount ensures that the acquisition of the Julie West prospecting licence can proceed (subject to receipt of the required regulatory approval) on the same terms as originally agreed pursuant to the Julie West Put Option and Sale Agreement entered into with Castle (refer ASX release 27 April 2016).

The Julie West licence is currently held by Castle’s wholly owned Ghanaian subsidiary, Carlie Mining Limited (“Carlie”) and hosts the Julie West and Danyawu Ore Reserves of 49,300oz and 10,500oz respectively and the Julie West, Danyawu and Alpha-Bravo Mineral Resources of 64,100oz, 16,000oz and 20,000oz respectively (Tables A and B).

Obtaining the required regulatory approval to transfer the Julie West prospecting licence from Carlie to Phoenix Resources Limited (a wholly-owned subsidiary of Azumah Resources Ghana Limited, the owner of the Wa Gold Project and the company in which Azumah currently holds a majority 57.5% interest)(“Phoenix”) has been protracted due to complexities associated with the original ownership of the licence and Phoenix’s subsequent acquisition of the right to acquire that licence under the Put Option and Sale Agreement.

Phoenix and Castle have agreed to continue to use their best endeavours to obtain the consent of the Ghana Minister of Lands and Natural Resources to the transfer of legal title to the Julie West licence to Phoenix.

Azumah is not aware of any impediment to the Ghana Minister of Lands and Natural Resources approving the transfer of legal title to the Julie West prospecting licence. However, until the transfer of legal title to the licence takes place, Castle will retain certain clawback rights should Phoenix fail to maintain the licence in good standing or incur material environmental liabilities in respect to the licence.

Pursuant to the Option Agreement, Carlie will retain a 4% net smelter precious metal royalty over the licence.

**For further information, please contact:**

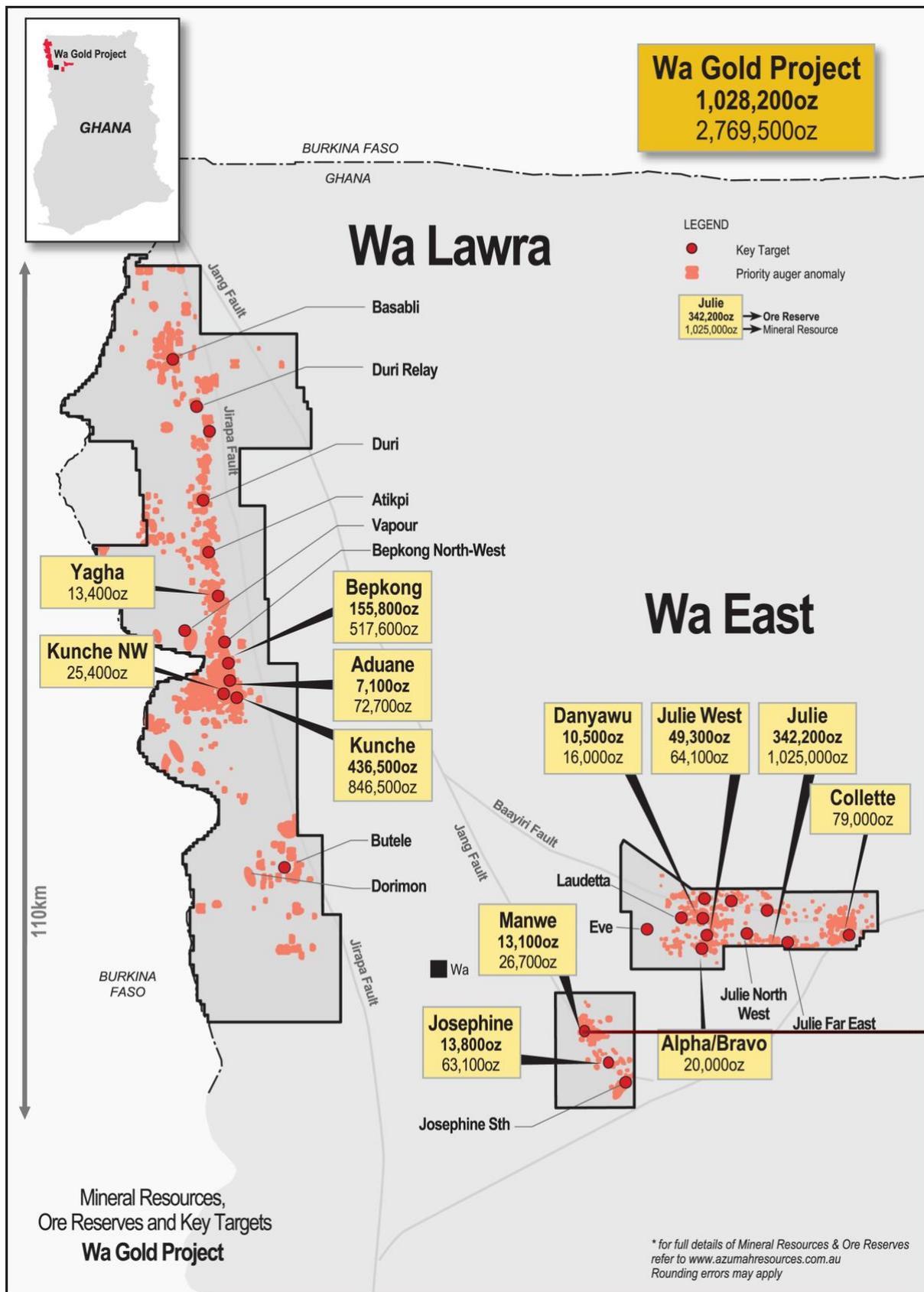
**Dennis Wilkins**  
**Company Secretary**  
**Mb 61 (0) 417 945 049**

**Media: Peter Harris**  
**Peter Harris & Associates**  
**Mb 61 (0) 412 124 833**

Follow us on:



**Wa Gold Project: Mineral Resources, Ore Reserves, Key Targets and Prospects**



## About Azumah Resources Limited

Azumah Resources Limited is a Perth-based, ASX-listed (ASX: AZM) company focused on exploring and developing the regional-scale Wa Gold Project in the Upper West Region of Ghana, West Africa (Project). All of Azumah's Ghana interests are held through Azumah Resources Ghana Limited (AZG), a company in which Azumah currently holds a 57.5% shareholding.

Three main deposits have been discovered and extensively drilled at Kunche and Bepkong, adjacent to the Black Volta River and Ghana's border with Burkina Faso, and at Julie approximately 80km to the east.

Several satellite deposits including Aduane, Kunche Northwest, Yagha, Julie West, Danyawu, Alpha/Bravo, Josephine and Collette have also been discovered and delineated.

To date, the Company has estimated a JORC 2012 Mineral Resource of 2.8Moz of gold grading 1.7g/t Au, including 1.8Moz Measured and Indicated grading 1.8g/t Au. These are evenly distributed between the Kunche-Bepkong and Wa East (Julie deposit etc.) camps.

In January 2019, an Ore Reserve estimate of 1,028,000oz (18Mt at 1.77g/t Au)(JORC 2012) was reported. A Feasibility Study is scheduled for finalisation in early-2020 and a development decision is expected to be made shortly thereafter.

Extensive metallurgical test work has confirmed a high average overall gold recovery of ~92% for the combined Kunche, Bepkong and Julie deposits.

Mineral Resources have been progressively grown through a focused, systematic approach to the exploration of the Company's 2,400km<sup>2</sup> licence holdings. These encompass large tracts of prospective Birimian terrain, the rocks that host the majority of West Africa's gold mines.

Much of the tenure is covered in soil, alluvium or laterite, so most discoveries have been 'blind'. Azumah anticipates Mineral Resources will substantially grow as AZG continues to generate and test its extensive pipeline of targets.

AZG has two 15-year Mining Leases over its principal deposits (the Ghana Government holds a 10% free carried interest in their 'rights and obligations' and is also entitled to a 5% gross gold royalty).

No technical, social or environmental impediments to development have been identified, no communities need to be relocated and rehoused, and there is strong support from key stakeholders for the Project.

The Project benefits from excellent regional infrastructure including grid power to site; good quality bituminised and non-bituminised roads, easy access to water, a 2km sealed airstrip at the regional centre of Wa and good general communications.

## Ibaera Funding Transaction

In 2017 Azumah executed an Earn-In and Shareholders Agreement (EISA) with private equity group, Ibaera Capital GP Limited (Ibaera), whereby Ibaera has since earned a 42.5% interest in AZG, and therefore the Wa Gold Project, by spending US\$11.25M over two years (ASX release 11 July 2019). On 24 July 2019, Azumah advised that it had elected to allow Ibaera to sole fund the next approved US\$2.25M budget and programme that is expected to see the Feasibility Study completed ("Additional Earn-In Funding"). Upon funding the Additional Earn-In Funding, Ibaera will earn an additional 4% interest in AZG, total 46.5%, with Azumah retaining majority ownership at 53.5% (refer ASX release 11 September 2019).

Ibaera's owners, principals and management are all highly regarded geologists, engineers and financiers and, pursuant to the EISA, are now managing all facets of the Project.

## Previously reported information

This report includes information that relates to Ore Reserves, Mineral Resources, Pre-Feasibility Study results, Production Targets and forecast financial information derived from Production Targets and Exploration Results which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- Mineral Resources: 2 September 2014 "Azumah Increases Ore Reserves 45%"
- Mineral Resources: 28 September 2018 "Mineral Resources Increased 21% to 2.5Moz"

- Ore Reserves: 30 January 2019 “Ore Reserve and Study Progress Update”
- Mineral Resources: 2 July 2019 “Maiden Bepkong Underground Mineral Resource of 279,700oz at 3.59g/t Au”
- Scoping Study: 5 August 2019 “Bepkong Underground Scoping Study”

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person’s findings are presented have not been materially modified from the original market announcement.

Statements of Competent Persons for the various Mineral Resource Estimates and Ore Reserve Estimates can all be found on the Company’s website at: [http://www.azumahresource.com.au/projects-competent\\_persons.php](http://www.azumahresource.com.au/projects-competent_persons.php)

### **Forward-Looking Statements**

All statements other than statements of historical fact included in this document including, without limitation, statements regarding plans and objectives of Azumah, are forward-looking statements. Forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Azumah that could cause Azumah’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained on this website will occur and investors are cautioned not to place any reliance on these forward-looking statements. Azumah does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained on this website, except where required by applicable law and stock exchange listing requirements.

**Table A: Mineral Resource Estimate – JORC Code 2012 – Updated 19 June 2019**

| Deposit          | Measured       |               |            |                | Indicated     |            |                  | Measured + Indicated |            |                  | Inferred      |            |                | Grand Total   |            |                  |
|------------------|----------------|---------------|------------|----------------|---------------|------------|------------------|----------------------|------------|------------------|---------------|------------|----------------|---------------|------------|------------------|
|                  | Cut-Off Au g/t | Tonnes (Kt)   | Au g/t     | Ounces         | Tonnes (Kt)   | Au g/t     | Ounces           | Tonnes (Kt)          | Au g/t     | Ounces           | Tonnes (Kt)   | Au g/t     | Ounces         | Tonnes (Kt)   | Au g/t     | Ounces           |
| <b>Wa-Lawra:</b> |                |               |            |                |               |            |                  |                      |            |                  |               |            |                |               |            |                  |
| Kunche           | 0.5            | 8,835         | 1.6        | 446,000        | 3,404         | 1.3        | 145,000          | 12,239               | 1.5        | 591,000          | 7,616         | 1.0        | 255,700        | 19,855        | 1.3        | <b>846,500</b>   |
| Bepkong o/c      | 0.5            | 3,163         | 1.8        | 185,000        | 728           | 1.4        | 33,000           | 3,704                | 1.7        | 218,000          | 462           | 1.4        | 20,000         | 4,354         | 1.7        | <b>237,900</b>   |
| Bepkong u/g      | 2.0            | 16            | 4.3        | 2              | 1,270         | 4.1        | 165,000          | 1,286                | 4.1        | 168,000          | 1,138         | 3.1        | 112,000        | 2,424         | 3.6        | <b>279,700</b>   |
| Aduane           | 0.5            |               |            |                | 322           | 1.2        | 12,800           | 322                  | 1.2        | 12,800           | 1,491         | 1.3        | 59,900         | 1,812         | 1.3        | <b>72,700</b>    |
| Kunche NW        | 0.5            |               |            |                |               |            |                  |                      |            |                  | 694           | 1.1        | 25,400         | 694           | 1.1        | <b>25,400</b>    |
| Yagha            | 0.5            |               |            |                |               |            |                  |                      |            |                  | 333           | 1.3        | 13,400         | 333           | 1.3        | <b>13,400</b>    |
| <b>Wa East:</b>  |                |               |            |                |               |            |                  |                      |            |                  |               |            |                |               |            |                  |
| Julie            | 0.5            | 1,490         | 2.1        | 101,000        | 9,300         | 1.9        | 572,100          | 10,790               | 1.9        | 673,000          | 6,360         | 1.7        | 352,000        | 17,150        | 1.9        | <b>1,025,000</b> |
| Collette         | 0.5            |               |            |                |               |            |                  |                      |            |                  | 1,690         | 1.5        | 79,000         | 1,690         | 1.5        | <b>79,000</b>    |
| Julie West       | 1.0            |               |            |                | 455           | 4.0        | 58,900           | 455                  | 4.0        | 58,900           | 68            | 2.4        | 5,100          | 523           | 3.8        | <b>64,100</b>    |
| Danyawu          | 1.0            |               |            |                | 105           | 4.2        | 14,200           | 105                  | 4.2        | 14,200           | 38            | 1.5        | 1,800          | 143           | 3.5        | <b>16,000</b>    |
| Alpha/Bravo      | 1.0            |               |            |                |               |            |                  |                      |            |                  | 148           | 4.2        | 20,000         | 148           | 4.2        | <b>20,000</b>    |
| Josephine        | 1.0            |               |            |                | 709           | 1.5        | 34,500           | 709                  | 1.5        | 34,500           | 580           | 1.5        | 28,600         | 1,290         | 1.5        | <b>63,100</b>    |
| Manwe            | 1.0            |               |            |                | 257           | 2.1        | 17,300           | 257                  | 2.1        | 17,300           | 192           | 1.5        | 9,400          | 450           | 1.9        | <b>26,700</b>    |
| <b>Total</b>     |                | <b>13,504</b> | <b>1.7</b> | <b>732,002</b> | <b>16,550</b> | <b>2.0</b> | <b>1,052,800</b> | <b>29,867</b>        | <b>1.8</b> | <b>1,787,700</b> | <b>20,810</b> | <b>1.5</b> | <b>982,300</b> | <b>50,866</b> | <b>1.7</b> | <b>2,769,500</b> |

- Note: Values have been rounded.
- A lower cut-off of 0.5g/t Au was used for Kunche, Bepkong o/c (open-cut), Aduane, Julie and Collette, and a lower cut-off of 1.0g/t Au was used for Julie West and Danyawu. A lower cut-off of 2.0g/t was used for Bepkong u/g (underground).
- Mineral Resources are inclusive of Ore Reserves in Table B.

**Table B: Ore Reserve Summary – JORC Code 2012 – Updated 30 January 2019**

| (As at January 2019) | Proved      |              |                | Probable    |              |                | Total       |              |                  |
|----------------------|-------------|--------------|----------------|-------------|--------------|----------------|-------------|--------------|------------------|
|                      | Tonnes (Mt) | Grade g/t Au | Gold oz        | Tonnes (Mt) | Grade g/t Au | Gold Oz        | Tonnes (Mt) | Grade g/t Au | Gold oz          |
| Kunche               | 8.0         | 1.51         | 388,600        | 0.9         | 1.65         | 47,900         | 8.9         | 1.52         | 436,500          |
| Bepkong              | 2.4         | 1.65         | 124,400        | 0.7         | 1.41         | 31,300         | 3.0         | 1.59         | 155,800          |
| Aduane               |             |              |                | 0.2         | 1.11         | 7,100          | 0.2         | 1.11         | 7,100            |
| Julie                | 1.2         | 2.11         | 83,600         | 3.6         | 2.24         | 258,600        | 4.8         | 2.21         | 342,200          |
| Julie West           |             |              |                | 0.4         | 3.59         | 49,300         | 0.4         | 3.59         | 49,300           |
| Danyawu              |             |              |                | 0.1         | 4.63         | 10,500         | 0.1         | 4.63         | 10,500           |
| Josephine            |             |              |                | 0.3         | 1.29         | 13,800         | 0.3         | 1.29         | 13,800           |
| Manwe                |             |              |                | 0.2         | 1.91         | 13,100         | 0.2         | 1.91         | 13,100           |
| <b>Total</b>         | <b>11.6</b> | <b>1.60</b>  | <b>596,700</b> | <b>6.4</b>  | <b>2.09</b>  | <b>431,500</b> | <b>18.0</b> | <b>1.77</b>  | <b>1,028,200</b> |

Note: Values have been rounded

Annexure F – ASX Announcement released  
by Azumah dated 23 October 2019

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

Azumah Resources Limited

**ABN / ARBN**

72 112 320 251

**Financial year ended:**

30 June 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- Attached to this Appendix 4G after the Annexure
- This URL on our website: [www.azumahresources.com.au](http://www.azumahresources.com.au)

The Corporate Governance Statement is accurate and up to date as at 29 August 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 23 October 2019

Name of Director or Secretary authorising lodgement: Dennis Wilkins  
Company Secretary

---

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation                             |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |
|---|---|---|--|
| <b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> |   |   |  |
| 1.1   | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):<br><input checked="" type="checkbox"/> at www.azumahresources.com.au | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2   | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.3   | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.4   | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |
|---|---|--|--|
| 1.5   | <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.azumahresources.com.au</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.6   | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>  | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |
| 1.7   | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>   | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation           | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |  |
|---|--|--|--|
| <b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b> |  |  |  |
| 2.1   | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.azumahresources.com.au">www.azumahresources.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.2   | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>   | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>            |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation        |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|--|---|---|---|
| 2.3  | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | ... the names of the directors considered by the board to be independent directors:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and, where applicable, the information referred to in paragraph (b):<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and the length of service of each director:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location] | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 2.4  | A majority of the board of a listed entity should be independent directors.   | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.5  | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.   | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]   | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.6  | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable            |
| <b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b> |   |   |   |
| 3.1  | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.   | ... our code of conduct or a summary of it:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> at <a href="http://www.azumahresources.com.au">www.azumahresources.com.au</a>  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation                     | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |  |
|---|--|---|--|
| <b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> |  |   |  |
| 4.1   | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.azumahresources.com.au">www.azumahresources.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at the Directors' Report in the 2019 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 4.2   | <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>   | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>  | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>            |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation                 |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |
|---|--|---|---|
| 4.3   | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.                  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable             |
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |  |   |   |
| 5.1   | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | ... our continuous disclosure compliance policy or a summary of it:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> at www.azumahresources.com.au  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| <b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> |  |   |   |
| 6.1   | A listed entity should provide information about itself and its governance to investors via its website.   | ... information about us and our governance on our website:<br><input checked="" type="checkbox"/> at www.azumahresources.com.au  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.2   | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.3   | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.                                      | ... our policies and processes for facilitating and encouraging participation at meetings of security holders:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> at www.azumahresources.com.au | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable |
| 6.4   | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |  |
|--|--|--|--|
| <b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b> |  |  |  |
| 7.1  | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.azumahresources.com.au">www.azumahresources.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 7.2  | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>   | <p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>  | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>            |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---|--|---|---|
| 7.3   | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | <p>[If the entity complies with paragraph (a):]<br/>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]<br/>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement               |
| 7.4   | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.  | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                          |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation            | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |  |
|--|--|--|--|
| <b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b> |  |  |  |
| 8.1  | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.azumahresources.com.au</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at the Directors' Report in the 2019 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>  |
| 8.2  | <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>  | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at the Directors' Report in the 2019 Annual Report</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>  |
| 8.3  | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>   | <p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at www.azumahresources.com.au</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation                                    |  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|--|--|---|---|
| <b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b> |  |   |   |
| -  | <p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p> | <p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>         | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| -  | <p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>  | <p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |



## **CORPORATE GOVERNANCE STATEMENT 2019**

The Board of Azumah Resources Limited (“Board”) is committed to ensuring that the Company’s obligations and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The directors of the Company (“Directors”, being either “Non-Executive Directors” or Executive Directors”) undertake to perform their duties with honesty, integrity, care and due diligence, to act in good faith in the best interests of the Company in a manner that reflects the highest standards of corporate governance.

The Company’s Board are committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001 (Cth), ASX Listing Rules, Company Constitution and other applicable laws and regulations.

### ***Corporate Governance Compliance***

The Company has followed the 3<sup>rd</sup> edition of the ASX Corporate Governance Council’s Principles and Recommendations (“Principles and Recommendations”) where the Board has considered the recommendations to be an appropriate benchmark for its corporate governance practices.

Where, after due consideration, the Company’s corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for adoption of its own practice, in compliance with the “if not, why not” regime.

This statement was approved by the Board on 29 August 2019.

**CORPORATE GOVERNANCE STATEMENT 2019 (CONT'D)**

| Principle           | ASX Recommendation   | Conform (Y/N) | Disclosure  |
|---------------------|--|---------------|---|
| <b>Principle 1:</b> | <b>Lay solid foundations for management and oversight</b>  |               |   |
| 1.1                 | A listed entity should disclose:<br>a) The respective roles and responsibilities of its board and managements; and<br>b) Those matters expressly reserved to the board and those delegated to management.  | Y             | The Board Charter details the functions and responsibilities of the Board and management, including matters reserved for the Board. The Board Charter is included in the Corporate Governance & Policies Manual on the Company's website.   |
| 1.2                 | A listed entity should:<br>a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and<br>b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. | Y             | The full Board undertakes the duties that fall to the nomination committee under the Company's Nomination Committee Charter, which is included in the Corporate Governance & Policies Manual on the Company's website.<br><br>The role of the Nomination Committee is to identify and recommend candidates to fill casual vacancies and to determine the appropriateness of director nominees for election to the Board. The Nomination Committee Charter requires the Board to make appropriate background checks prior to recommending a candidate for election or re-election as a director. The Board must identify and recommend candidates only after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after an assessment of how the candidate can contribute to the strategic direction of the Company<br><br>All material information relevant to whether or not to elect or re-elect a director is provided to the Company's shareholders as part of the Notice of Meeting and explanatory memorandum for the relevant meeting of shareholders which addresses the election or re-election of a director. |
| 1.3                 | A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.  | Y             | The Remuneration Committee Charter, which is included in the Corporate Governance & Policies Manual on the Company's website, requires the Company to have a written agreement with each Director and senior executive setting out the terms of their engagement.<br><br>Each Non-Executive Director has signed a letter of appointment. Each Executive Director has signed an executive service agreement.   |

| Principle | ASX Recommendation  | Conform (Y/N) | Disclosure   |
|-----------|---|---------------|--|
| 1.4       | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.   | Y             | The Company Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board. The Company Secretary has primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.<br><br>Details are contained in Clause 4 of the Board Charter which is included in the Corporate Governance & Policies Manual on the Company's website.   |
| 1.5       | A listed entity should:<br>a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;<br>b) Disclose the policy or summary of it; and<br>c) Disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:<br>1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity defined "senior executive" for these purposes); or<br>2) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under that Act. | N             | The Company has adopted a Diversity Policy which is included in the Corporate Governance & Policies Manual on the Company's website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. The Company does not think that it is appropriate to state measurable objectives for achieving gender diversity due to its size and stage of development.<br><br>The proportion of women employees in the whole organisation is 20.97% (excluding directors).<br><br>At the beginning of the reporting period, there were no women in senior executive positions or on the Board. Ms Bakker was appointed to the Board on 18 July 2019 so that the Board is now comprised of 25% women and 75% men. |
| 1.6       | A listed entity should:<br>a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.   | Y             | The Board Charter, which is included in the Corporate Governance & Policies Manual on the Company's website, details the process for evaluating the Board, its Committees and individual Directors. The assessment process which may be used by the Board is that each director completes a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. An independent third party consultant may be used to facilitate the assessment.<br><br>A Board performance review was undertaken in FY 2019.  |

| Principle           | ASX Recommendation   | Conform (Y/N)     | Disclosure  |
|---------------------|--|-------------------|---|
| 1.7                 | <p>A listed entity should:</p> <p>a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>  | <p>Y</p> <p>Y</p> | <p>The Remuneration Committee Charter, which is included in the Corporate Governance &amp; Policies Manual on the Company's website, details the process for evaluating the performance of senior executives.</p> <p>The Company did not have any senior executives during the FY 2019, other than the Managing Director. A performance review of the Managing Director was undertaken in FY 2019.</p> <p>Total employee numbers in the Company were limited to less than 5 and at most times during the year were 3 (including the Managing Director). Given the limited employee numbers performance evaluation is a process undertaken informally on a daily basis. Staff matters (including performance) are discussed at each board meeting and included in the MD's regular Operation Reports distributed to all Board members.</p> |
| <b>Principle 2:</b> | <b>Structure the board to add value</b>  |                   |   |
| 2.1                 | <p>The board of a listed entity should:</p> <p>a) Have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1) Has at least three members, a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3) The charter of the committee;</li> <li>4) The members of the committee; and</li> <li>5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>N</p> <p>Y</p> | <p>The Company does not currently have a nomination committee. The Board has decided that no efficiencies will be achieved by establishing a separate nomination committee. The Board carries out the duties that would otherwise be undertaken by the nomination committee, in accordance with the Nomination Committee Charter, which is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The Board undertook a review of all the matters in the Nomination Committee Charter in FY 2019.</p>  |

| Principle      | ASX Recommendation  | Conform (Y/N) | Disclosure  |      |      |             |                |                |                     |    |              |               |                   |    |               |              |                        |     |           |                |                        |     |           |
|----------------|---|---------------|---|------|------|-------------|----------------|----------------|---------------------|----|--------------|---------------|-------------------|----|---------------|--------------|------------------------|-----|-----------|----------------|------------------------|-----|-----------|
| 2.2            | A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.   | Y             | <p>Collectively, the Board has an extensive range of commercial skills and other relevant experience which are vital for the effective management of the business. Board members, including some who are also directors of other ASX-listed companies, together have a combination of skills and experience in the following business areas:</p> <ul style="list-style-type: none"> <li>• commercial;</li> <li>• corporate governance;</li> <li>• legal;</li> <li>• investor relations;</li> <li>• capital raising;</li> <li>• corporate strategy;</li> <li>• leadership;</li> <li>• accounting;</li> <li>• business development;</li> <li>• risk management;</li> <li>• exploration – gold;</li> <li>• geographic experience – Africa;</li> <li>• project development – gold;</li> <li>• project finance – gold;</li> <li>• project implementation – gold;</li> <li>• mining – gold;</li> <li>• gold production.</li> </ul> <p>Where a perceived absence of skill and experience exists, the Board engages external advisors or consultants to assist.</p> |      |      |             |                |                |                     |    |              |               |                   |    |               |              |                        |     |           |                |                        |     |           |
| 2.3            | <p>A listed entity should disclose:</p> <p>a) The names of the directors considered by the board to be independent;</p> <p>b) If a director has an interest, position, association or relationship of the type described in Box 2.3 (Factors relevant to addressing the independence of a director) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) The length of service of each director.</p> | Y             | <p>As at 30 June 2018 the Board consisted of:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Role</th> <th>Independent</th> <th>Date appointed</th> </tr> </thead> <tbody> <tr> <td>Michael Atkins</td> <td>Non-Executive Chair</td> <td>No</td> <td>October 2009</td> </tr> <tr> <td>Stephen Stone</td> <td>Managing Director</td> <td>No</td> <td>November 2006</td> </tr> <tr> <td>Debra Bakker</td> <td>Non-Executive Director</td> <td>Yes</td> <td>July 2018</td> </tr> <tr> <td>Linton Putland</td> <td>Non-Executive Director</td> <td>Yes</td> <td>July 2018</td> </tr> </tbody> </table>   | Name | Role | Independent | Date appointed | Michael Atkins | Non-Executive Chair | No | October 2009 | Stephen Stone | Managing Director | No | November 2006 | Debra Bakker | Non-Executive Director | Yes | July 2018 | Linton Putland | Non-Executive Director | Yes | July 2018 |
| Name           | Role  | Independent   | Date appointed  |      |      |             |                |                |                     |    |              |               |                   |    |               |              |                        |     |           |                |                        |     |           |
| Michael Atkins | Non-Executive Chair   | No            | October 2009  |      |      |             |                |                |                     |    |              |               |                   |    |               |              |                        |     |           |                |                        |     |           |
| Stephen Stone  | Managing Director   | No            | November 2006   |      |      |             |                |                |                     |    |              |               |                   |    |               |              |                        |     |           |                |                        |     |           |
| Debra Bakker   | Non-Executive Director  | Yes           | July 2018   |      |      |             |                |                |                     |    |              |               |                   |    |               |              |                        |     |           |                |                        |     |           |
| Linton Putland | Non-Executive Director  | Yes           | July 2018   |      |      |             |                |                |                     |    |              |               |                   |    |               |              |                        |     |           |                |                        |     |           |

| Principle           | ASX Recommendation   | Conform (Y/N) | Disclosure   |
|---------------------|--|---------------|--|
| 2.4                 | A majority of the board of a listed entity should be independent.  | N             | Half of the Board are independent directors - refer 2.3 above. The Board recently concluded that Mr Atkins, Chair, can no longer be considered an independent director due to the length of his service with the Company, so the Board now comprises two independent and two non-independent directors. Sourcing further directors to strictly comply with this Principle is considered expensive with costs outweighing potential benefits.   |
| 2.5                 | The chair of the board of a listed entity should be an independent director, and in particular, should not be the same person as the CEO of the entity.  | N             | Michael Atkins, who was appointed as Chair in October 2009, is no longer considered to be an independent Director due to the length of his service with the Company. He does not perform the role of CEO of the Company (which position is currently held by Stephen Stone).   |
| 2.6                 | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | Y             | Induction and professional development form part of the responsibilities of the Nomination Committee as noted in the Nomination Committee Charter, which is included in the Corporate Governance & Policies Manual on the Company's website. Induction documents are provided with a written engagement letter and the Company Secretary is available to assist with the process of new Directors familiarising themselves with the Company. Professional development requirements are addressed as circumstances require. |
| <b>Principle 3:</b> | <b>Act ethically and responsibly</b>   |               |  |
| 3.1                 | A listed entity should:<br>a) Have a code of conduct for its directors, senior executives and employees; and<br>b) Disclose that code or a summary of it.  | Y             | The Company has formulated a general Code of Conduct and a Code of Conduct for Directors and Executives which all employees and directors are expected, at a minimum, to follow. The Codes are included in the Corporate Governance & Policies Manual on the Company's website.  |

| Principle           | ASX Recommendation  | Conform (Y/N)                                | Disclosure  |
|---------------------|---|--|---|
| <b>Principle 4:</b> | <b>Safeguard integrity in financial reporting</b>   |  |   |
| 4.1                 | <p>The board of a listed entity should:</p> <p>a) Have an audit committee which:</p> <ol style="list-style-type: none"> <li>1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director, who is not the chair of the board,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3) The charter of the committee;</li> <li>4) The relevant qualifications and experience of the members of the committee; and</li> <li>5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>N</p> <p>N</p> <p>Y</p> <p>Y</p> <p>Y</p> | <p>Following the appointment of Ms Bakker and Mr Putland as directors on 18 July 2018, the Company established an Audit Committee comprised of only non-executive directors, with an independent non-executive as chair (Debra Bakker as chair, Michael Atkins and Linton Putland).</p> <p>Prior to this, the Company had an Audit Committee comprised of the full Board. At that time, there were only two non-executive directors on the Board. The chair of the committee was Michael Atkins, a non-independent director who is also the chair of the Board.</p> <p>The Audit Committee Charter is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The qualifications, experience and attendance of the members of the Audit Committee are disclosed in the Company's Directors' Report (contained in the 2019 Annual Report).</p> |
| 4.2                 | <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>  | Y  | <p>Under the Company's Risk Management Policy, which is included in the Corporate Governance &amp; Policies Manual on the Company's website, the Managing Director/CEO and CFO will provide a written declaration of assurance that in their opinion, the financial records of the Company for the relevant reporting period have been properly maintained, comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>  |

| Principle           | ASX Recommendation   | Conform (Y/N) | Disclosure  |
|---------------------|--|---------------|---|
| 4.3                 | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.                | Y             | The Company takes all reasonable steps to ensure the external auditor is represented at each annual general meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.   |
| <b>Principle 5:</b> | <b>Make timely and balanced disclosure</b>   |               |   |
| 5.1                 | A listed entity should:<br>a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>b) Disclose that policy or a summary of it. | Y             | The Company has adopted a Continuous Disclosure Policy, which is included in the Corporate Governance & Policies Manual on the Company's website. The Policy is designed to guide compliance with ASX Listing Rules disclosure requirements, and to ensure all Directors, senior executives and employees of the Company understand their responsibilities under the Policy.  |
| <b>Principle 6:</b> | <b>Respect the rights of shareholders</b>  |               |   |
| 6.1                 | A listed entity should provide information about itself and its governance to investors via its website.   | Y             | The Company has a Shareholder Communication Policy, which is included in the Corporate Governance & Policies Manual on the Company's website.<br><br>The company website provides a platform to disclose official ASX releases of material information and periodic reports, press releases, notices and presentations as well as a mechanism for shareholders to contact the Company via email.  |
| 6.2                 | A listed entity should design and implement an investor relations program to facilitate effective two-way communications with investors.   | Y             | Refer 6.1.  |
| 6.3                 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.                                    | Y             | The Company has a Shareholder Communication Policy, which is included in the Corporate Governance & Policies Manual on the Company's website. The Policy specifically encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals and outlines the various ways in which the Company communicates with shareholders.                                      |
| 6.4                 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                 | Y             | Shareholders can register with the Company's share registrar to receive email notifications of when an announcement is made by the Company to ASX, including the release of annual, half-yearly and quarterly reports. Further, the Company provides information through its website enabling security holders to email the Company. The share registrar also provides the ability to email the share registrar and to receive documents by email from the share registrar. |



| Principle           | ASX Recommendation   | Conform (Y/N) | Disclosure  |
|---------------------|--|---------------|---|
| 7.4                 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.  | Y             | <p>As an exploration company rather than an economic producer there is no material exposure to economic sustainability risk.</p> <p>Whilst exposed to environmental sustainability risk, the Company has an Environmental Policy, which is included in the Corporate Governance &amp; Policies Manual on the Company's website, designed to prevent and mitigate negative environmental impacts caused by Wa Gold Project activities.</p> <p>Whilst exposed to the usual social sustainability risk involved in conducting exploration in Africa, the Company has an Environmental Policy and a Risk Management Policy, which are included in the Corporate Governance &amp; Policies Manual on the Company's website, which include provision to prevent or minimise adverse impacts of its operations on host communities, and undertakes regular community engagement.</p> |
| <b>Principle 8:</b> | <b>Remunerate fairly and responsibly</b>   |               |   |
| 8.1                 | <p>The board of a listed entity should:</p> <p>a) Have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>1) Has at least three members, a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director,</li> </ol> <p>And disclose:</p> <ol style="list-style-type: none"> <li>3) The charter of the committee;</li> <li>4) The members of the committee; and</li> <li>5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | Y             | <p>Following the appointment of Ms Bakker and Mr Putland as directors on 18 July 2018, the Company established a Remuneration Committee comprised of only non-executive directors, with an independent non-executive as chair (Debra Bakker as chair, Michael Atkins and Linton Putland).</p> <p>Prior to this, the Company had a Remuneration Committee comprised of non-executive directors and the company secretary (Geoffrey Jones as chair, Michael Atkins and Dennis Wilkins).</p> <p>The Remuneration Committee Charter is included in the Corporate Governance &amp; Policies Manual on the Company's website.</p> <p>The qualifications, experience and attendance of the members of the Remuneration Committee are disclosed in the Company's Directors' Report (contained in the 2019 Annual Report).</p>   |
| 8.2                 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.   | Y             | Details of the Company's policies and practices regarding the remuneration of Directors and other senior management is set out in the Remuneration Report as disclosed in the Company's Directors' Report (contained in the 2018 Annual Report).  |

| Principle | ASX Recommendation   | Conform (Y/N) | Disclosure   |
|-----------|--|---------------|--|
| 8.3       | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>b) Disclose that policy or a summary of it.</p> | Y             | <p>The Company's Securities Trading Policy specifically prevents employees engaging in margin lending or otherwise leveraging securities without the fully informed consent of the board.</p> <p>The Company's Performance Rights Plan does not specifically contain a policy in relation to participants limiting their exposure to risk in relation to the securities, but the Board actively discourages participants from obtaining mortgages in securities held in the Company through the Securities Trading Policy.</p> |

Annexure G – ASX Announcement released  
by Azumah dated 23 October 2019

**AZUMAH RESOURCES LIMITED**

ABN: 72 112 320 251

---

**ANNUAL REPORT**

for the year ended 30 June 2019

## **CORPORATE INFORMATION**

**ABN 72 112 320 251**

### **Directors**

Michael Atkins (Non-executive Chairman)  
Stephen Stone (Managing Director)  
Debra Bakker (Non-executive Director)  
Linton Putland (Non-executive Director)

### **Company Secretary**

Dennis Wilkins

### **Registered Office**

Suite 2, 11 Ventnor Avenue  
WEST PERTH WA 6005

### **Principal Place of Business**

Suite 2, 11 Ventnor Avenue  
WEST PERTH WA 6005  
Telephone: +61 8 9486 7911  
Facsimile: +61 8 9481 4417

### **Bankers**

National Australia Bank Limited  
1232 Hay Street  
WEST PERTH WA 6005

Barclays Bank of Ghana Ltd  
High Street  
Accra GHANA

### **Share Register**

Security Transfer Australia Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: 1300 992 916  
Facsimile: +61 8 6365 4086

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### **Stock Exchange Listing**

Azumah Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AZM).

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

**CONTENTS**

|  |    |
|--|----|
| Chairman's Letter  | 3  |
| Directors' Report  | 4  |
| Review of Operations                                       | 7  |
| Auditor's Independence Declaration                         | 23 |
| Corporate Governance Statement                             | 24 |
| Statement of Profit or Loss and Other Comprehensive Income | 25 |
| Statement of Financial Position                            | 26 |
| Statement of Changes in Equity                             | 27 |
| Statement of Cash Flows                                    | 28 |
| Notes to the Financial Statements                          | 29 |
| Directors' Declaration                                     | 53 |
| Independent Auditor's Report                               | 54 |
| ASX Additional Information                                 | 57 |

## CHAIRMAN'S LETTER

Dear Fellow Shareholders

I am pleased to present the 2019 Annual Report for Azumah Resources Limited (**Azumah**). Over the past 12 months considerable progress has been made at the Company's Wa Gold Project in Ghana (**Project**), which is currently fully-funded by Ibaera Capital which oversees the management of the Project through its nominated Project Manager.

Building upon Azumah's previous exploration successes, the Mineral Resource has increased during the year by 11% to 2.77Moz whilst Ore Reserves have grown by 65% to 1.03Moz (18Mt @ 1.77g/t). In January 2019, we were pleased to announce the very robust preliminary results of the Project's Feasibility Study which indicated a NPV5% of US\$177m and 35% IRR (at US\$1,300/oz gold price) positioning the Project as one of the next gold mines to be funded and developed in West Africa.

Ibaera's initial US\$11.5m earn-in to 42.5% of the Project was completed in July 2019, subsequent to which Azumah elected for Ibaera to sole fund the remaining US\$2.25m budget to complete the Feasibility Study for an additional 4% interest in the Project, taking Ibaera to 46.5% ownership at that time. It is expected that the Feasibility Study will be completed in early 2020.

The completion of this Feasibility Study is expected to provide increased visibility on the Project and its economics and form a basis for a development decision. This is against a backdrop of the gold price having increased to circa US\$1,500 per ounce and the recent discovery and delineation of the Bepkong underground deposit, which is not yet included in Ore Reserves or the Feasibility Study. These developments could further enhance the Project's economics and are supportive for its future financing and development.

On 18 September 2019, IGIC Pte Ltd, as manager for and on behalf of private equity fund Ibaera Capital Fund GP Limited (**Ibaera**), announced an unsolicited off-market cash takeover offer to acquire all of your shares in Azumah Resources Limited for 2.8 cents per Azumah share (**Offer**).

Azumah has released its Target Statement in response to the Bidders Statement issued by IGIC Pte Ltd, in which Azumah's Directors have unanimously recommended shareholders to reject the Offer. Azumah strongly recommends that shareholders read the Target Statement to properly consider their options. I remind shareholders that they can continue to consider their options up until the closing date of 4 November 2019 or such later date should Ibaera extend the offer period.

I take this opportunity to thank our small but dedicated management team and staff for their efforts over the past 12 months and the tremendous and continuing support of shareholders which continues to motivate us in our relentless drive to unlock the value of the Project.

As a result of our considerable input into the local communities we continue to receive strong support from our stakeholders in Ghana and in particular in the Wa region. The Ghanaian Government has also provided very active support to the Wa Gold Project and to Azumah.

I also thank Azumah's Managing Director Stephen Stone, strongly supported by our new directors Debra Bakker and Linton Putland, for their hard work, support and dedication to Azumah achieving its goals.

**Michael Atkins**  
Chairman

## DIRECTORS' REPORT

Your directors submit their report on Azumah Resources Limited ("Azumah" or the "Company") for the year ended 30 June 2019.

### DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows.

Where applicable, all current and former directorships held in listed public companies over the past three years have been detailed below.

Directors were in office for this entire period unless otherwise stated.

#### **Michael Atkins**

*B.Comm, Non-Executive Chairman (Chairperson of audit (until 16 August 2018 and then member) and member of remuneration committees)*

Mr Atkins is a Fellow of the Australian Institute of Company Directors.

He was a founding partner of a national Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia until resigning in June 2011.

Between 1987 and 1998 he was a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, USA, South East Asia and Africa. From 1990 to 1995 he was Managing Director and later a non-executive director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction, and then remained as a Non-Executive Director until 1995. He was also founding Executive Chairman of Gallery Gold Ltd until 1998 and remained a Non-Executive Director until 2000.

Since February 2009 Mr Atkins has been a Director - Corporate Finance at Patersons Securities Limited where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

He is currently non-executive Chairman of ASX listed public companies Castle Minerals Limited and Legend Mining Ltd, and a non-executive director of SRG Global Limited (formerly called Global Construction Services Limited following name change on 30 November 2018). Within the last three years Mr Atkins was a director of former listed public company SRG Limited (formerly called Structural Systems Limited) which is no longer listed on ASX following its merger with Global Construction Services Limited (merged in September 2018).

#### **Stephen Stone**

*BSc (Hons) Mining Geology, MAusIMM, FAICD, Managing Director (Member of audit committee until 16 August 2018)*

Mr Stone graduated with honours in Mining Geology from University of Wales, Cardiff in 1978 and has since then been fully engaged in the international exploration and mining industry. He worked for several years at the large open pit and underground copper mines of the Zambian Copperbelt and then came to Australia where he has been involved in the formation, funding, management and development of several junior ASX and dual-TSX listed exploration companies.

He joined Azumah Resources Limited as Non-Executive Chairman in November 2006, was appointed Executive Chairman in December 2007 and Managing Director in October 2009.

Mr Stone is a Member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Australian Institute of Company Directors and a member of the Editorial Board of International Mining Magazine. He is currently also a director of ASX listed public company Castle Minerals Limited (executive). During the previous three years Mr Stone was also a director of Alto Metals Limited (non-executive).

**Debra Bakker**

Appointed as a director on 18 July 2018.

GAICD, M. App.Fin., B.Bus. (Chairperson of audit and member of remuneration committees)

Ms Bakker is an experienced financier in the resources industry. Her depth of experience in corporate advisory, negotiation at all levels, cross-border, JV's and partnerships, project finance and M&A is drawn from all areas of banking in the natural resources sector, covering clients from junior explorers to investment grade majors.

Ms Bakker's career has spanned Sydney, London, Chicago, New York and, since 2003, Perth, Western Australia. She maintains a strong network at the highest levels within the mining and resources sector world-wide through the Auramet International global network as well as through friendships forged over decades in this global industry, and her non-executive director role with Independence Group NL. Ms Bakker has not held any former public company directorships in the last three years, other than with Capricorn Metals Limited.

Leaving full time employment in 2013, Ms Bakker and her husband have built a mid-scale sustainable farming business focused on exotic fruit production and white dorper sheep in the Margaret River region of WA.

Ms Bakker is also active in the not for profit sector via her Board role with Access Housing and the Lishman Health Foundation.

In February 2018, the Department of Mines, Industry Regulation and Safety invited Ms Bakker to join the Selection Panel for the Golden Gecko Award for Environmental Excellence, a three year appointment.

**Linton Putland**

Appointed as a director on 18 July 2018.

B.Eng (Mining), MSc (MinEc), GAICD (Chairperson of remuneration and member of audit committees)

Mr Putland is a mining professional with more than 30 years' experience in technical, operational and managerial roles centred on open pit and underground operations covering a wide range of commodities in Australia and overseas, including several campaigns in Africa.

As a consultant, he now provides advice on due diligence, business development, project planning and implementation, operational improvement and mentoring, various levels of project assessment studies, and tenders and contracts for a range of mining and mining-associated companies.

Mr Putland is also an independent non-executive director with Pacific Energy Limited (ASX: PEA), Breaker Resources NL (ASX: BRB) and a private resource company, WA Kaolin. For five years until 2017, he was Principal Technical Adviser to private equity group, Pacific Road Capital Management.

He is a 1988 B.Eng graduate of the Western Australia School of Mines from where he also gained an MSc. Mineral Economics and is a Graduate of the AICD Company Directors course. Mr Putland also holds a Western Australia First Class Mine Managers Certificate (1991).

**Geoffrey Jones**

Mr Jones was a director from the beginning of the year until 18 July 2018.

**COMPANY SECRETARY****Dennis Wilkins**

*B.Bus., AICD, ACIS (Member of remuneration committee)*

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd, a privately held corporate advisory firm servicing the natural resources industry.

Since 1994 Mr Wilkins has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

He is currently non-executive director of Australian listed company Key Petroleum Limited (since 5 July 2006) and an alternate director of Middle Island Resources Limited (since 1 May 2010).

*Interests in the shares and options of the Company and related bodies corporate*

As at the date of this report, the interests of the directors in the shares of Azumah Resources Limited were:

|                | <b>Ordinary Shares</b> | <b>Options over Ordinary Shares</b> |
|----------------|------------------------|-------------------------------------|
| Michael Atkins | 5,284,919              | 10,000,000                          |
| Stephen Stone  | 11,696,725             | 20,000,000                          |
| Debra Bakker   | 1,471,429              | 5,000,000                           |
| Linton Putland | 125,000                | 5,000,000                           |

**PRINCIPAL ACTIVITIES**

Azumah Resources Limited is a Perth-based mineral exploration company focused on exploring and developing its regional-scale Wa Gold Project in the Upper West Region of Ghana, West Africa.

**DIVIDENDS**

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

**REVIEW OF OPERATIONS**

Azumah Resources Limited is a Perth-based, ASX-listed (ASX: AZM) company focused on exploring and developing its regional-scale Wa Gold Project (**Project**) in the Upper West Region of Ghana, West Africa.

Three main deposits have been discovered and extensively drilled at Kunche and Bepkong, adjacent to the Black Volta River and Ghana's border with Burkina Faso, and at Julie approximately 80km to the east.

Several satellite deposits including Aduane, Kunche Northwest, Yagha, Julie West, Danyawu, Alpha/Bravo, Josephine and Collette have also been discovered and delineated.

To date, the Company has delineated an estimated JORC 2012 Mineral Resource of 2.8Moz of gold grading 1.7g/t Au, including 1.8Moz Measured and Indicated grading 1.8g/t Au. These are evenly distributed between the Kunche-Bepkong and Wa East (Julie deposit etc.) camps.

In January 2019, an Ore Reserve estimate of 1,028,000oz (18Mt at 1.77g/t Au)(JORC 2012) was reported.

### **Feasibility Study Update**

A Feasibility Study is scheduled for finalisation in early-2020 and, subject to results, a development decision soon after.

An update on the progress of the Feasibility Study (refer ASX release 30 January 2019) outlined a proposed development with the following attributes:

- US\$177M NPV<sub>5%</sub> and 35% IRR (Pre-tax. Post gov. royalty);
- US\$270M net cash flow (Pre-tax. Post government royalty);
- 1.6-year payback of initial US\$117M establishment capital;
- 11-year operation, averaging 107,000ozpa (years 1 to 6);
- 2.06g/t Au average process grade (years 1 to 8);
- CIL plant of up to 2.3Mtpa (oxide ore); and
- Establishment capital intensity of US\$114/ore reserve oz.

In addition:

- Extensive metallurgical test work has confirmed a high average overall gold recovery of ~92% for the combined Kunche, Bepkong and Julie deposits;
- Azumah has two 15-year Mining Leases over its principal deposits (Ghana government holds a 10% free carried interest in their 'rights and obligations' and is also entitled to a 5% gross gold royalty);
- No technical, social or environmental impediments to development have been identified, no communities need to be relocated and rehoused, and there is strong support from key stakeholders for the Project; and
- The Project benefits from excellent regional infrastructure including grid power to site; good quality bituminised and non-bituminised roads, easy access to water, a 2km sealed airstrip at the regional centre of Wa and good general communications.

### **Bepkong deposit**

Following the discovery of extensive mineralisation below the planned Bepkong open pit to a depth of 580m below surface (where it is still open) infill drilling enabled a maiden Mineral Resource of 279,700oz (2.4Mt at 3.59g/t Au) to be estimated and reported (refer ASX release 2 July 2019).

This maiden Mineral Resource includes a Measured and Indicated Mineral Resource of 167,500oz at 4.05g/t Au hosting several coherent zones of higher-grade mineralisation along the confirmed 300m strike and also to depth.

A Scoping Study of the Bepkong 'underground' mineralisation has indicated that an underground mining operation could provide a material boost to the already financially robust Project, with a production target of approximately an additional 154,000oz of contained gold adding approximately US\$32 million cash flow at a gold price of US\$1,300 per ounce (post royalty, pre-tax) (refer ASX release 5 August 2019).

At present, the Bepkong underground mineralisation is not included in the current 1,028,200oz Project Ore Reserve or the Feasibility Study.

### **Kunche deposit**

At the nearby Kunche deposit, exceptionally high-grade intercepts with visible gold were obtained from widely-spaced, deep holes probing for depth extensions to Kunche mineralisation (refer ASX release 15 May 2019). These included 0.5m at 168.3g/t Au (over 5oz Au per tonne) from 650.5m (KRCD855) and 0.5m at 89.39g/t Au (nearly 3oz Au per tonne) from 613.5m (KRCD853).

Drilling subsequently extended mineralisation up to 500m below surface and raises expectations for multiple mineralised lodes associated with feeder conduits extending below the planned 1.5km long Kunche open pit.

Drilling at the Kunche Northwest and Aduane prospects also encouragingly intersected depth extensions to near-surface mineralisation.

### **Brownfields and regional exploration**

The findings at Bepkong and Kunche highlight the possibility of several other presently only shallow drilled deposits to host deeper mineralisation consistent with their structurally controlled, orogenic gold origins. Generally, these types of deposits are known to extend to over two kilometres depth in West Africa, Canada, Western Australia and elsewhere in the World.

Whilst drilling in the vicinity of and below currently defined deposits presents perhaps the best opportunity to rapidly add Ore Reserves to the Project, the Azumah-Ibaera joint venture has continued to test its pipeline of high-priority brownfields and regional exploration targets within its vast, regional-scale and prospective tenure of approximately 2,400km<sup>2</sup>. This encompasses large tracts of prospective Birimian terrain, the rocks that host the majority of West Africa's gold mines.

Mineral Resources have been progressively grown through a focused, systematic approach to exploration as much of the tenure is covered in soil, alluvium or laterite. Hence, most discoveries have been 'blind'. Azumah anticipates Mineral Resources will grow as it continues to generate and test its extensive pipeline of targets.

### **Ibaera Funding Transaction**

All of Azumah's Ghana interests are held through its Ghana subsidiary, Azumah Resources Ghana Limited (**AZG**).

In 2017, Azumah executed an Earn-In and Shareholders Agreement (**EISA**) with private equity group, Ibaera Capital GP Limited (**Ibaera**), whereby Ibaera could initially earn a 42.5% interest in AZG, and therefore the Wa Gold Project, by spending US\$11.25M over two years (ASX release 1 September 2017). On 11 July 2019 Azumah advised that Ibaera had provided the Initial Earn-In Funding and would become entitled to ownership of a 42.5% interest in AZG. On 24 July 2019 Azumah advised that it had elected to allow Ibaera to sole fund the next approved US\$2.25M budget and programme that would see the Feasibility Study completed ("Additional Earn-In Funding"). Upon completion Ibaera will have earned an additional 4% interest, total 46.5%, with Azumah retaining majority ownership at 53.5%.

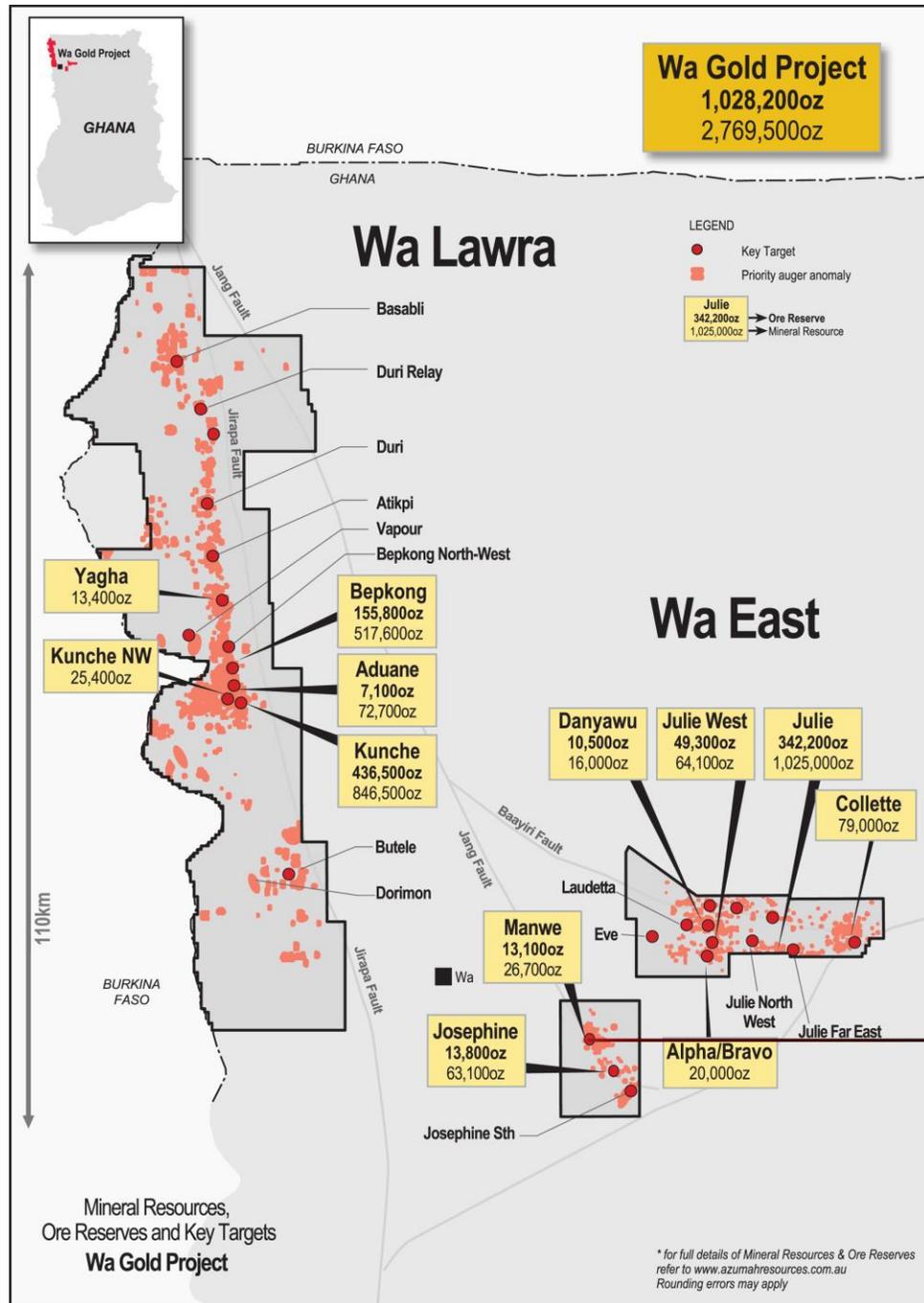
Ibaera's owners, principals and management comprise well-regarded geologists, engineers and financiers and, pursuant to the EISA, managed all facets of the Project during the year.

### **Corporate**

#### **During the year;**

- Azumah initiated and completed a fully underwritten Share Purchase Plan (**SPP**) to raise \$2 million plus a top-up placement for an additional \$750,000 (total \$2.75 million raised before expenses). Azumah subsequently issued 196.4 million new ordinary shares at a price of \$0.014 each (refer ASX release 12 July 2019);

- The Company held a 12.4% (27.7M shares) shareholding in Ghana neighbour, Castle Minerals Limited (~\$0.14 million as at 30 June 2019);
- Non-executive director, Geoff Jones, retired from the Board and Linton Putland and Debra Bakker were appointed non-executive directors in July 2018; and
- On 18 September 2019, IGIC Pte Ltd (an affiliate of Ibaera Capital Fund GP Limited as manager for and on behalf of private equity fund Ibaera Capital Fund LP) announced an unsolicited off-market cash takeover offer to acquire all of the shares in Azumah Resources Limited for 2.8 cents per Azumah share.



**Wa Gold Project: Mineral Resources, Ore Reserves, Key Targets and Prospects**

## Mineral Resources and Ore Reserves Statement

### Ore Reserves

The Company's Ore Reserves as at 30 June 2019 show an increase from the Ore Reserves as at 30 June 2018 (Table 2). In January 2019, an increased Ore Reserves estimate of 1,028,000oz Au (18Mt at 1.77g/t Au) was reported (Table 1). A Feasibility Study is scheduled for finalisation in early 2020, with a development decision soon after.

**Table 1: Ore Reserve Summary – JORC Code 2012 – as at 30 June 2019**

| (As at January 2019)        | Proved      |              |                | Probable    |              |                | Total       |              |                  |
|-----------------------------|-------------|--------------|----------------|-------------|--------------|----------------|-------------|--------------|------------------|
|                             | Tonnes (Mt) | Grade g/t Au | Gold oz        | Tonnes (Mt) | Grade g/t Au | Gold Oz        | Tonnes (Mt) | Grade g/t Au | Gold oz          |
| Kunche                      | 8.0         | 1.51         | 388,600        | 0.9         | 1.65         | 47,900         | 8.9         | 1.52         | 436,500          |
| Bepkong                     | 2.4         | 1.65         | 124,400        | 0.7         | 1.41         | 31,300         | 3.0         | 1.59         | 155,800          |
| Aduane                      |             |              |                | 0.2         | 1.11         | 7,100          | 0.2         | 1.11         | 7,100            |
| Julie                       | 1.2         | 2.11         | 83,600         | 3.6         | 2.24         | 258,600        | 4.8         | 2.21         | 342,200          |
| Julie West                  |             |              |                | 0.4         | 3.59         | 49,300         | 0.4         | 3.59         | 49,300           |
| Danyawu                     |             |              |                | 0.1         | 4.63         | 10,500         | 0.1         | 4.63         | 10,500           |
| Josephine                   |             |              |                | 0.3         | 1.29         | 13,800         | 0.3         | 1.29         | 13,800           |
| Manwe                       |             |              |                | 0.2         | 1.91         | 13,100         | 0.2         | 1.91         | 13,100           |
| <b>Total – 30 June 2019</b> | <b>11.6</b> | <b>1.60</b>  | <b>596,700</b> | <b>6.4</b>  | <b>2.09</b>  | <b>431,500</b> | <b>18.0</b> | <b>1.77</b>  | <b>1,028,200</b> |

Note: Values have been rounded

Table 2 below sets out the comparison of total Ore Reserves as at 30 June 2019 and as at 30 June 2018. The material changes arise due to increases in the underlying Mineral Resources and were reported in detail in the updated Ore Reserve estimate released to ASX on 30 January 2019. Refer to the Company's ASX release dated 30 January 2019 for further information.

**Table 2: Comparative Ore Reserves Summary – JORC Code 2012**

|              | As at 30 June 2018 |              |                | As at 30 June 2019 |              |                  |
|--------------|--------------------|--------------|----------------|--------------------|--------------|------------------|
|              | Tonnes (Mt)        | Grade g/t Au | Gold oz        | Tonnes (Mt)        | Grade g/t Au | Gold oz          |
| Kunche       | 4.97               | 1.94         | 309,000        | 8.9                | 1.52         | 436,500          |
| Bepkong      | 1.90               | 1.85         | 113,000        | 3.0                | 1.59         | 155,800          |
| Aduane       |                    |              |                | 0.2                | 1.11         | 7,100            |
| Julie        | 2.21               | 2.84         | 202,000        | 4.8                | 2.21         | 342,200          |
| Julie West   |                    |              |                | 0.4                | 3.59         | 49,300           |
| Danyawu      |                    |              |                | 0.1                | 4.63         | 10,500           |
| Josephine    |                    |              |                | 0.3                | 1.29         | 13,800           |
| Manwe        |                    |              |                | 0.2                | 1.91         | 13,100           |
| <b>Total</b> | <b>9.08</b>        | <b>2.14</b>  | <b>624,000</b> | <b>18.0</b>        | <b>1.77</b>  | <b>1,028,200</b> |

Note: Values have been rounded.

### Mineral Resource Statement

The Company's Mineral Resources as at 30 June 2019 show an increase from the Mineral Resources as at 30 June 2018 (Table 4). Following extensive drilling by joint venture partner Ibaera Capital, the joint venture Project Manager commissioned the re-estimation of several existing Mineral Resources and maiden estimates for five new prospects. Combined Mineral Resources increased by 21% and 433,900oz to 2.5Moz (49.2Mt at 1.6g/t Au) (Table 3), as announced on 28 September 2018. Refer to the Company's ASX release dated 28 September 2018 for further information.

Mineral Resources are reported inclusive of Ore Reserves.

**Table 3: Mineral Resource Estimate – JORC Code 2012 – as at 30 June 2019**

| Deposit          | Cutoff Au g/t | Measured      |            |                | Indicated     |            |                | Inferred      |            |                | Grand Total   |            |                  |
|------------------|---------------|---------------|------------|----------------|---------------|------------|----------------|---------------|------------|----------------|---------------|------------|------------------|
|                  |               | Tonnes (Kt)   | Au g/t     | Ounces           |
| <b>Wa-Lawra:</b> |               |               |            |                |               |            |                |               |            |                |               |            |                  |
| Kunche           | 0.5           | 8,835         | 1.6        | 446,000        | 3,404         | 1.3        | 145,000        | 7,616         | 1.0        | 255,700        | 19,855        | 1.3        | 846,500          |
| Bepkong          | 0.5           | 2,220         | 1.8        | 128,000        | 1,700         | 1.3        | 73,000         | 1,170         | 1.2        | 44,000         | 5,090         | 1.5        | 245,000          |
| Aduane           | 0.5           |               |            |                | 322           | 1.2        | 12,800         | 1,491         | 1.3        | 59,900         | 1,812         | 1.3        | 72,700           |
| Kunche NW        | 0.5           |               |            |                |               |            |                | 694           | 1.1        | 25,400         | 694           | 1.1        | 25,400           |
| Yagha            | 0.5           |               |            |                |               |            |                | 333           | 1.3        | 13,400         | 333           | 1.3        | 13,400           |
| <b>Wa East:</b>  |               |               |            |                |               |            |                |               |            |                |               |            |                  |
| Julie            | 0.5           | 1,490         | 2.1        | 101,000        | 9,300         | 1.9        | 572,100        | 6,360         | 1.7        | 352,000        | 17,150        | 1.9        | 1,025,000        |
| Collette         | 0.5           |               |            |                |               |            |                | 1,690         | 1.5        | 79,000         | 1,690         | 1.5        | 79,000           |
| Julie West       | 1.0           |               |            |                | 455           | 4.0        | 58,900         | 68            | 2.4        | 5,100          | 523           | 3.8        | 64,100           |
| Danyawu          | 1.0           |               |            |                | 105           | 4.2        | 14,200         | 38            | 1.5        | 1,800          | 143           | 3.5        | 16,000           |
| Alpha/Bravo      | 1.0           |               |            |                |               |            |                | 148           | 4.2        | 20,000         | 148           | 4.2        | 20,000           |
| Josephine        | 1.0           |               |            |                | 709           | 1.5        | 34,500         | 580           | 1.5        | 28,600         | 1,290         | 1.5        | 63,100           |
| Manwe            | 1.0           |               |            |                | 257           | 2.1        | 17,300         | 192           | 1.5        | 9,400          | 450           | 1.9        | 26,700           |
| <b>Total</b>     |               | <b>12,545</b> | <b>1.7</b> | <b>675,000</b> | <b>16,252</b> | <b>1.8</b> | <b>927,800</b> | <b>20,380</b> | <b>1.4</b> | <b>894,300</b> | <b>49,178</b> | <b>1.6</b> | <b>2,496,900</b> |

Note: Values have been rounded. A lower cut-off of 0.5g/t Au was used for Kunche, Aduane, Kunche NW, Yagha, Julie, Collette and Bepkong. A lower cut-off of 1.0g/t Au was used for Julie West and Danyawu, Alpha/Bravo, Josephine and Manwe.

Table 4 below sets out the comparison of total Mineral Resources as at 30 June 2019 and as at 30 June 2018. The material changes arise due to the progressive increase of Mineral Resources through a focused, systematic approach to exploration of the Company's tenure and were reported in detail in the updated Mineral Resources estimate released to ASX on 28 September 2018.

**Table 4: Comparative Mineral Resources Summary – JORC Code 2012**

| Deposit          | Cutoff Au g/t | As at 30 June 2018 |            |                  | As at 30 June 2019 |            |                  |
|------------------|---------------|--------------------|------------|------------------|--------------------|------------|------------------|
|                  |               | Tonnes (Kt)        | Au g/t     | Ounces           | Tonnes (Kt)        | Au g/t     | Ounces           |
| <b>Wa-Lawra:</b> |               |                    |            |                  |                    |            |                  |
| Kunche           | 0.5           | 15,520             | 1.5        | 751,000          | 19,855             | 1.3        | 846,500          |
| Bepkong          | 0.5           | 5,090              | 1.5        | 245,000          | 5,090              | 1.5        | 245,000          |
| Aduane           | 0.5           | 1,770              | 1.5        | 85,000           | 1,812              | 1.3        | 72,700           |
| Kunche NW        | 0.5           |                    |            |                  | 694                | 1.1        | 25,400           |
| Yagha            | 0.5           |                    |            |                  | 333                | 1.3        | 13,400           |
| <b>Wa East:</b>  |               |                    |            |                  |                    |            |                  |
| Julie            | 0.5           | 16,930             | 1.5        | 834,000          | 17,150             | 1.9        | 1,025,000        |
| Collette         | 0.5           | 1,690              | 1.5        | 79,000           | 1,690              | 1.5        | 79,000           |
| Julie West       | 1.0           | 410                | 4.2        | 56,000           | 523                | 3.8        | 64,100           |
| Danyawu          | 1.0           | 70                 | 5.5        | 13,000           | 143                | 3.5        | 16,000           |
| Alpha/Bravo      | 1.0           |                    |            |                  | 148                | 4.2        | 20,000           |
| Josephine        | 1.0           |                    |            |                  | 1,290              | 1.5        | 63,100           |
| Manwe            | 1.0           |                    |            |                  | 450                | 1.9        | 26,700           |
| <b>Total</b>     |               | <b>41.49</b>       | <b>1.5</b> | <b>2,063,000</b> | <b>49,178</b>      | <b>1.6</b> | <b>2,496,900</b> |

Note: Values have been rounded. A lower cut-off of 0.5g/t Au was used for Kunche, Bepkong, Aduane, Julie and Collette, and a lower cut-off of 1.0g/t Au was used for Julie West and Danyawu.

Subsequent to 30 June 2019, a maiden Bepkong 'underground' Mineral Resource was reported to ASX (refer to the Company's ASX release dated 2 July 2019) which further increased the Company's total Mineral Resources. The Company's updated Mineral Resources as at July 2019 are shown in Table 5 for information.

**Table 5: Mineral Resource Estimate – JORC Code 2012 – as at 2 July 2019**

| Deposit          | Measured       |               |            |                | Indicated     |            |                  |               | Measured + Indicated |                  |               |            | Inferred       |               |            |                  | Grand Total |        |        |  |
|------------------|----------------|---------------|------------|----------------|---------------|------------|------------------|---------------|----------------------|------------------|---------------|------------|----------------|---------------|------------|------------------|-------------|--------|--------|--|
|                  | Cut-Off Au g/t | Tonnes (Kt)   | Au g/t     | Ounces         | Tonnes (Kt)   | Au g/t     | Ounces           | Tonnes (Kt)   | Au g/t               | Ounces           | Tonnes (Kt)   | Au g/t     | Ounces         | Tonnes (Kt)   | Au g/t     | Ounces           | Tonnes (Kt) | Au g/t | Ounces |  |
| <b>Wa-Lawra:</b> |                |               |            |                |               |            |                  |               |                      |                  |               |            |                |               |            |                  |             |        |        |  |
| Kunche           | 0.5            | 8,835         | 1.6        | 446,000        | 3,404         | 1.3        | 145,000          | 12,239        | 1.5                  | 591,000          | 7,616         | 1.0        | 255,700        | 19,855        | 1.3        | <b>846,500</b>   |             |        |        |  |
| Bepkong o/c      | 0.5            | 3,163         | 1.8        | 185,000        | 728           | 1.4        | 33,000           | 3,704         | 1.7                  | 218,000          | 462           | 1.4        | 20,000         | 4,354         | 1.7        | <b>237,900</b>   |             |        |        |  |
| Bepkong u/g      | 2.0            | 16            | 4.3        | 2              | 1,270         | 4.1        | 165,000          | 1,286         | 4.1                  | 168,000          | 1,138         | 3.1        | 112,000        | 2,424         | 3.6        | <b>279,700</b>   |             |        |        |  |
| Aduane           | 0.5            |               |            |                | 322           | 1.2        | 12,800           | 322           | 1.2                  | 12,800           | 1,491         | 1.3        | 59,900         | 1,812         | 1.3        | <b>72,700</b>    |             |        |        |  |
| Kunche NW        | 0.5            |               |            |                |               |            |                  |               |                      |                  | 694           | 1.1        | 25,400         | 694           | 1.1        | <b>25,400</b>    |             |        |        |  |
| Yagha            | 0.5            |               |            |                |               |            |                  |               |                      |                  | 333           | 1.3        | 13,400         | 333           | 1.3        | <b>13,400</b>    |             |        |        |  |
| <b>Wa East:</b>  |                |               |            |                |               |            |                  |               |                      |                  |               |            |                |               |            |                  |             |        |        |  |
| Julie            | 0.5            | 1,490         | 2.1        | 101,000        | 9,300         | 1.9        | 572,100          | 10,790        | 1.9                  | 673,000          | 6,360         | 1.7        | 352,000        | 17,150        | 1.9        | <b>1,025,000</b> |             |        |        |  |
| Collette         | 0.5            |               |            |                |               |            |                  |               |                      |                  | 1,690         | 1.5        | 79,000         | 1,690         | 1.5        | <b>79,000</b>    |             |        |        |  |
| Julie West       | 1.0            |               |            |                | 455           | 4.0        | 58,900           | 455           | 4.0                  | 58,900           | 68            | 2.4        | 5,100          | 523           | 3.8        | <b>64,100</b>    |             |        |        |  |
| Danyawu          | 1.0            |               |            |                | 105           | 4.2        | 14,200           | 105           | 4.2                  | 14,200           | 38            | 1.5        | 1,800          | 143           | 3.5        | <b>16,000</b>    |             |        |        |  |
| Alpha/Bravo      | 1.0            |               |            |                |               |            |                  |               |                      |                  | 148           | 4.2        | 20,000         | 148           | 4.2        | <b>20,000</b>    |             |        |        |  |
| Josephine        | 1.0            |               |            |                | 709           | 1.5        | 34,500           | 709           | 1.5                  | 34,500           | 580           | 1.5        | 28,600         | 1,290         | 1.5        | <b>63,100</b>    |             |        |        |  |
| Manwe            | 1.0            |               |            |                | 257           | 2.1        | 17,300           | 257           | 2.1                  | 17,300           | 192           | 1.5        | 9,400          | 450           | 1.9        | <b>26,700</b>    |             |        |        |  |
| <b>Total</b>     |                | <b>13,504</b> | <b>1.7</b> | <b>732,002</b> | <b>16,550</b> | <b>2.0</b> | <b>1,052,800</b> | <b>29,867</b> | <b>1.8</b>           | <b>1,787,700</b> | <b>20,810</b> | <b>1.5</b> | <b>982,300</b> | <b>50,866</b> | <b>1.7</b> | <b>2,769,500</b> |             |        |        |  |

Note: Values have been rounded.

A lower cut-off of 0.5g/t Au was used for Kunche, Bepkong o/c (open-cut), Aduane, Julie and Collette, and a lower cut-off of 1.0g/t Au was used for Julie West and Danyawu. A lower cut-off of 2.0g/t was used for Bepkong u/g (underground).

## Governance controls

Azumah Resources Limited has a firm policy to only utilise the services of external independent consultants to estimate Mineral Resources and Ore Resources. The Company also has established practices and procedures to monitor the quality of data applied in Mineral Resource and Ore Reserve estimation, and to commission and oversee the work undertaken by external independent consultants.

The Mineral Resource and Ore Reserve estimates have been calculated by a suitably qualified consultant and overseen by suitably qualified personnel of the Company's joint venture partner.

## Competent person statement and previously reported information

This **Mineral Resources and Ore Reserves Statement as a whole** has been approved by Mr Stephen Stone who is an executive employee of Azumah Resources Limited. Mr Stone is a Member of the Australian Institute of Mining and Metallurgy 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stone has given his prior written consent to the inclusion in this report of the Mineral Resources and Ore Reserves statement in the form and context in which it appears.

The information in this report that relates to the **Bepkong and Collette Mineral Resource estimates** is based on, and fairly represents, information which has been prepared by Mr David Williams, who is a Member of the Australian Institute of Geoscientists and an employee of CSA Global Pty Ltd. Mr

Williams 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the **Julie Mineral Resource estimate** is based on, and fairly represents, information which has been prepared by Mr David Williams (who is a Member of the Australian Institute of Geoscientists and an employee of CSA Global Pty Ltd) and Mr Mark Glassock (who is a member of the AusIMM and an employee of Extomine Pty Ltd). Mr Williams and Mr Glassock, respectively, 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the **Kunche, Aduane, Kunche NW, Yagha, Julie West, Danyawu, Alpha/Bravo, Josephine, Manwe and Bepkong Underground Mineral Resource estimates** is based on, and fairly represents, information which has been prepared by Mr Mark Glassock who is a member of the AusIMM and an employee of Extomine Pty Ltd. Mr Glassock 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to **Ore Reserve estimates** is based on, and fairly represents, information which has been prepared by Mr Steve Craig who is a Fellow member of the AusIMM and an employee of Orelogy Consulting Pty Ltd. Mr Craig 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

This report includes information that relates to Ore Reserves, Mineral Resources, Pre-Feasibility Study results, Production Targets and forecast financial information derived from Production Targets and Exploration Results which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- Mineral Resources: 2 September 2014 "Azumah Increases Ore Reserves 45%"
- Mineral Resources: 28 September 2018 "Mineral Resources Increased 21% to 2.5Moz"
- Ore Reserves: 30 January 2019 "Ore Reserve and Study Progress Update"
- Kunche mineralisation: 15 May 2019 "Exceptionally high grades at Kunche as mineralisation extended to 500m below surface"
- Mineral Resources: 2 July 2019 "Maiden Bepkong Underground Mineral Resource of 279,700oz at 3.59g/t Au"
- Scoping Study: 5 August 2019 "Bepkong Underground Scoping Study"

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

Statements of Competent Persons for the various Mineral Resource Estimates and Ore Reserve Estimates can all be found on the Company's website at: [http://www.azumahresource.com.au/projects-competent\\_persons.php](http://www.azumahresource.com.au/projects-competent_persons.php).

## Forward-Looking Statement

All statements other than statements of historical fact included in this document including, without limitation, statements regarding plans and objectives of Azumah, are forward-looking statements. Forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Azumah that could cause Azumah’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained on this website will occur and investors are cautioned not to place any reliance on these forward-looking statements. Azumah does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained on this website, except where required by applicable law and stock exchange listing requirements.

## FINANCE REVIEW

The Company began the financial year with a cash reserve of \$2,323,713. Funds were used to actively advance the Company’s projects located in Ghana, West Africa.

During the year the Company received revenue totalling \$31,424. Total exploration expenditure incurred by the Company amounted to \$26,049. In line with the Company’s accounting policies, all exploration expenditure was written off as incurred. Total Administration expenditure of \$890,859, Impairment recognised of \$111,847, Salaries and Employee Benefits of \$735,866, and non-cash expenses total amounted to \$100,535 were incurred for the same period. Additionally, the Company’s share of net losses of its joint venture accounted for using the equity method was \$376,766. This has resulted in an operating loss after income tax for the year ended 30 June 2019 of \$2,210,498 (2018: \$2,096,790).

At 30 June 2019 cash and cash equivalents totalled \$701,441.

## OPERATING RESULTS FOR THE YEAR

Summarised operating results are as follows:

|  | <b>2019</b>     |                 |
|--|-----------------|-----------------|
|  | <b>Revenues</b> | <b>Net Loss</b> |
|  | <b>\$</b>       | <b>\$</b>       |
| Company revenues and loss from ordinary activities before income tax expense | 31,424          | (2,210,498)     |

## RISK MANAGEMENT

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has several mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- ▶ Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- ▶ Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report no significant changes in the state of affairs of the Company occurred during the financial year.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

During July 2019 the Company concluded the underwritten share purchase plan and top-up placement announced on 13 June 2019 with the issue of 196,428,739 ordinary shares to raise a total of \$2.75 million.

During July 2019 the Company announced that joint venture partner Ibaera Capital (**Ibaera**) had completed their obligations under the Earn-In and Shareholders Agreement (**EISA**) and become entitled to ownership of 42.5% of the ordinary issued capital of Azumah Resources Ghana Limited (**AZG**), the holder of all mineral licences comprising the Wa Gold Project, Ghana, West Africa (**Project**). It was also announced that Azumah elected to allow Ibaera to sole fund the next stage of funding of the Project and completion of the feasibility study scheduled for year-end 2019. The election will enable Ibaera to earn an additional 4% interest in AZG, and hence the Project, to a maximum interest of 46.5% by funding the already approved programme and budget of US\$2.25 million. The EISA provides that the actual additional interest to be earned will be determined having regard to the current value of the Project.

During September 2019, an unsolicited off-market cash takeover offer was made on behalf of private equity group, Ibaera Capital Fund GP Limited for all the shares in the Company not already owned by Ibaera.

No other matter or circumstance has arisen since 30 June 2019, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the Company's operations.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the

Company are not aware of any breach of environmental legislation for the year under review.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

## **REMUNERATION REPORT (AUDITED)**

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### **Principles Used to Determine the Nature and Amount of Remuneration**

#### ***Remuneration Governance and Policy***

As at 30 June 2019 the Remuneration Committee consists of Linton Putland (Chairperson), Michael Atkins and Debra Bakker. The Corporate Governance Statement provides further information on the role of this committee. The remuneration policy of Azumah Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term and short-term incentives. The board of Azumah Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. The board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where required, the executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% in the reporting period, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using an option pricing methodology depending on the terms of the options.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Non-executive director fees are set to levels which compensate directors for 2 days commitment to the affairs of the Company per month. Days spent by non-executive directors in excess of two days per month are paid per diem at \$2,000. In addition, directors are eligible for ad hoc discretionary cash bonuses in circumstances where special exertion has been demonstrated. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$500,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

### **Performance based remuneration**

The Company does not have a formal short-term incentive scheme for executives, directors or other key management personnel. The board may exercise discretion to award cash bonuses to individuals where their special exertion results in positive outcomes for the Company and its shareholders.

During the 2018 financial year the Remuneration Committee proposed cash bonuses be paid to the Managing Director and Non-Executive Chairman based on their exceptional performance in raising funds and completing the Earn-In and Shareholders Agreement with Ibaera. The bonus was approved by the board and paid during the 2018 financial year. There were no cash bonuses proposed, granted or paid during the 2019 financial year.

### **Company performance, shareholder wealth and directors' and executives' remuneration**

No relationship exists between shareholder wealth, director and executive remuneration and Company performance as the Directors do not consider it appropriate due to the Company still being in the exploration phase.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

|                                 | 2019        | 2018        | 2017        | 2016        | 2015        |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                 | \$          | \$          | \$          | \$          | \$          |
| Revenue                         | 31,424      | 4,418,092   | 73,195      | 246,907     | 405,893     |
| Net loss                        | (2,210,498) | (2,096,790) | (3,493,883) | (4,054,840) | (4,149,118) |
| Loss per share (cents)          | (0.3)       | (0.3)       | (0.6)       | (1.0)       | (1.1)       |
| Share price at year end (cents) | 1.7         | 2.5         | 2.5         | 4.5         | 2.2         |

No dividends have been paid.

### **Use of remuneration consultants**

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

### **Voting and comments made at the Company's 2018 Annual General Meeting**

The Company received approximately 97% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### **Details of Remuneration**

Details of the remuneration of the directors and the key management personnel of the Company are set out in the following table.

The key management personnel of the Company include the directors as per pages 4 to 6 above and the following executive officer who had authority and responsibility for planning, directing and controlling activities within the Company:

- ▶ Paul Amoako-Atta – *Mineral Licence Manager* (ceased to be a member of key management personnel on 3 November 2017 upon deconsolidation of subsidiaries)

Given the size and nature of operations of the Company, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

|  | Short-Term    |            | Long-Term    | Post-Employment    |                 | Share-based Payments |                              | Percentage Performance Related |      |
|--|---------------|------------|--------------|--------------------|-----------------|----------------------|------------------------------|--------------------------------|------|
|  | Salary & Fees | Cash Bonus | Non-Monetary | Leave Entitlements | Super-annuation | Retirement benefits  | Options & Performance Rights | Total                          |      |
|  | \$            | \$         | \$           | \$                 | \$              | \$                   | \$                           | \$                             |      |
| <b>Directors</b>                                   |               |            |              |                    |                 |                      |                              |                                |      |
| Michael Atkins                                     |               |            |              |                    |                 |                      |                              |                                |      |
| 2019   | 148,300       | -          | 2,259        | -                  | 14,089          | -                    | -                            | 164,648                        | -    |
| 2018   | 85,500        | 50,000     | 3,123        | -                  | 12,873          | -                    | 107,000                      | 258,496                        | 19.3 |
| Stephen Stone                                      |               |            |              |                    |                 |                      |                              |                                |      |
| 2019   | 273,973       | -          | 2,259        | 54,976             | 26,027          | -                    | -                            | 357,235                        | -    |
| 2018   | 273,973       | 100,000    | 3,123        | 21,075             | 26,027          | -                    | 214,000                      | 638,198                        | 15.7 |
| Debra Bakker (appointed 18 July 2018)              |               |            |              |                    |                 |                      |                              |                                |      |
| 2019   | 41,100        | -          | 2,154        | -                  | 3,904           | -                    | 47,000                       | 94,158                         | -    |
| Linton Putland (appointed 18 July 2018)            |               |            |              |                    |                 |                      |                              |                                |      |
| 2019   | 41,100        | -          | 2,154        | -                  | 3,904           | -                    | 47,000                       | 94,158                         | -    |
| Geoffrey Jones (resigned 18 July 2018)             |               |            |              |                    |                 |                      |                              |                                |      |
| 2019   | 1,996         | -          | 111          | -                  | 190             | -                    | -                            | 2,297                          | -    |
| 2018   | 41,250        | -          | 3,123        | -                  | 3,919           | -                    | 53,500                       | 101,792                        | -    |
| William LeClair (ceased 5 October 2017)            |               |            |              |                    |                 |                      |                              |                                |      |
| 2018   | 12,319        | -          | 782          | -                  | -               | -                    | -                            | 13,101                         | -    |
| <b>Other key management personnel</b>              |               |            |              |                    |                 |                      |                              |                                |      |
| Paul Amoako-Atta (ceased 3 November 2017)          |               |            |              |                    |                 |                      |                              |                                |      |
| 2018   | 11,937        | -          | -            | -                  | -               | -                    | -                            | 11,937                         | -    |
| <b>Total key management personnel compensation</b> |               |            |              |                    |                 |                      |                              |                                |      |
| 2019   | 506,469       | -          | 8,937        | 54,976             | 48,114          | -                    | 94,000                       | 712,496                        |      |
| 2018   | 424,979       | 150,000    | 10,151       | 21,075             | 42,819          | -                    | 374,500                      | 1,023,524                      |      |

## Service Agreements

The details of service agreements of the key management personnel of the Company are as follows:

Stephen Stone, Managing Director and Chief Executive Officer:

- ▶ Term of agreement – Employment commencing 1 July 2012 continuing until employment is terminated.
- ▶ Total remuneration package of \$300,000 consisting of a base salary of \$273,973 (gross) and a superannuation contribution of \$26,027.
- ▶ The agreement may be terminated by the Company giving 12 months' notice in writing, or by Mr Stone giving 3 months' written notice, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

The non-executive directors have entered into engagement letters containing terms and conditions which are considered standard for the appointments and are in line with common industry practice. None of the other key management personnel have service agreements in place.

## Share-Based Compensation

### Options

Options are issued to directors and executives as part of their remuneration. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

The following options were granted to or vesting with key management personnel during the year, there were no options forfeited during the year:

|                  | Grant Date | Granted Number | Vested Number | Date Vesting & Exercisable | Expiry Date | Exercise Price (cents) | Value per option at grant date (cents) <sup>(1)</sup> | Exercised Number | % of Remuneration |
|------------------|------------|----------------|---------------|----------------------------|-------------|------------------------|---|------------------|-------------------|
| <b>Directors</b> |            |                |               |                            |             |                        |   |                  |                   |
| Debra Bakker     | 16/11/2018 | 5,000,000      | 5,000,000     | 06/12/2018                 | 13/11/2021  | 3                      | 0.9   | Nil              | 49.9              |
| Linton Putland   | 16/11/2018 | 5,000,000      | 5,000,000     | 06/12/2018                 | 13/11/2021  | 3                      | 0.9   | Nil              | 49.9              |

(1) The value at grant date in accordance with AASB 2: Share Based Payments of options granted during the year as part of remuneration. For options granted during the current year, the valuation inputs for the Black-Scholes option pricing model were as follows:

|           | Underlying Share Price (cents) | Exercise Price (cents) | Volatility | Risk Free Interest Rate | Valuation Date | Expiration Date |
|-----------|--------------------------------|------------------------|------------|-------------------------|----------------|-----------------|
| Directors | 2.2                            | 3                      | 77.43%     | 1.94%                   | 16/11/2018     | 13/11/2021      |

There were no ordinary shares in the Company provided as a result of the exercise of remuneration options during the year.

## Equity Instruments Held by Key Management Personnel

### Option Holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Azumah Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below:

| 2019   | Balance at start of the year | Granted as compensation | Exercised | Other changes              | Balance at end of the year | Vested & exercisable | Unvested |
|--|------------------------------|-------------------------|-----------|----------------------------|----------------------------|----------------------|----------|
| <b>Directors of Azumah Resources Limited</b> |                              |                         |           |                            |                            |                      |          |
| Michael Atkins                               | 10,000,000                   | -                       | -         | -                          | 10,000,000                 | 10,000,000           | -        |
| Stephen Stone                                | 20,000,000                   | -                       | -         | -                          | 20,000,000                 | 20,000,000           | -        |
| Debra Bakker                                 | -( <sup>1</sup> )            | 5,000,000               | -         | -                          | 5,000,000                  | 5,000,000            | -        |
| Linton Putland                               | -( <sup>1</sup> )            | 5,000,000               | -         | -                          | 5,000,000                  | 5,000,000            | -        |
| Geoffrey Jones                               | 5,000,000                    | -                       | -         | (5,000,000) <sup>(1)</sup> | -                          | -                    | -        |

(1) Balance held at date of appointment (18 July 2018 for Debra Bakker and Linton Putland) or resignation (18 July 2018 for Geoffrey Jones) as a member of key management personnel.

## Share Holdings

The numbers of shares in the Company held during the financial year by each director of Azumah Resources Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2019

|  | Balance at start of the year | Received during the year on the vesting of performance rights/exercise of options | Other changes during the year | Balance at end of the year <sup>(1)</sup> |
|--|------------------------------|---|-------------------------------|---|
| <b>Directors of Azumah Resources Limited</b> |                              |   |                               |   |
| <b>Ordinary shares</b>                       |                              |   |                               |   |
| Michael Atkins                               | 2,642,061                    | -   | 500,000                       | 3,142,061                                 |
| Stephen Stone                                | 11,696,725                   | -   | -                             | 11,696,725                                |
| Debra Bakker                                 | -(2)                         | -   | 400,000                       | 400,000                                   |
| Linton Putland                               | -(2)                         | -   | -                             | -   |
| Geoffrey Jones                               | 559,092                      | -   | (559,092) <sup>(2)</sup>      | -   |

(1) At year end there are no nominally held shares.

(2) Balance held at date of appointment (18 July 2018 for Debra Bakker and Linton Putland) or resignation (18 July 2018 for Geoffrey Jones) as a member of key management personnel.

## Loans to Key Management Personnel

There were no loans to key management personnel during the year.

## Other Transactions with Key Management Personnel

Castle Minerals Limited, an Australian publicly listed company of which Messrs Atkins and Stone are directors, was on-charged rent and administration support expenses by Azumah Resources Limited during the year totalling \$39,386 (2018: \$54,547). The amounts on-charged were at cost to the Company and are included as a reduction of administration or salaries and employee benefits expenses. At 30 June 2019 there was \$89,857 (including GST) (2018: \$87,026) owed by Castle Minerals Limited. In accordance with the Julie West Prospecting Licence sale, the Company also reimbursed Castle \$26,344 during the 2018 financial year for tenement expenditure incurred in keeping the tenement in good standing.

## End of Audited Remuneration Report

## DIRECTORS' MEETINGS

During the year the Company held twelve meetings of directors. The attendance of directors at meetings of the board was:

|                | Directors Meetings |    | Committee Meetings |   |              |   |
|----------------|--------------------|----|--------------------|---|--------------|---|
|                | A                  | B  | Audit              |   | Remuneration |   |
|                | A                  | B  | A                  | B | A            | B |
| Michael Atkins | 12                 | 12 | 1                  | 1 | 2            | 2 |
| Stephen Stone  | 12                 | 12 | *                  | * | *            | * |
| Debra Bakker   | 12                 | 12 | 1                  | 1 | 2            | 2 |
| Linton Putland | 12                 | 12 | 1                  | 1 | 2            | 2 |
| Geoffrey Jones | -                  | -  | -                  | - | -            | - |

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

\* – Not a member of the relevant committee.

During the year the Directors also met on numerous occasions informally outside of formal meetings and addressed other matters by circular resolution.

## SHARES UNDER OPTION

Unissued ordinary shares of Azumah Resources Limited under option at the date of this report are as follows:

| Date options issued   | Expiry date | Exercise price (cents) | Number of options |
|---|-------------|------------------------|-------------------|
| 22 Nov 2017   | 13 Nov 2021 | 3.0                    | 45,000,000        |
| 5 Apr 2018  | 30 Jun 2020 | 3.0                    | 3,000,000         |
| 17 Sep 2018   | 31 Jan 2021 | 3.0                    | 1,500,000         |
| <b>Total number of options outstanding at the date of this report</b> |             |                        | <b>49,500,000</b> |

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Azumah Resources Limited issued during the year ended 30 June 2019, and up to the date of this report, on the exercise of options.

## INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Azumah Resources Limited paid a premium to insure the directors and secretary of the Company. The total amount of insurance contract premiums paid was \$8,937. The amount has been included in the compensation amounts disclosed for key management personnel elsewhere in this report and in the notes to the financial statements.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Audit (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- ▶ All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- ▶ None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

BDO Corporate Tax (WA) Pty Ltd, BDO Advisory (WA) Pty Ltd and BDO Audit (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

|   | 2019          | 2018         |
|---|---------------|--------------|
|   | \$            | \$           |
| Audits of joint venture expenditure       | 9,550         | -            |
| Taxation consulting and advice            | 1,500         | -            |
| Taxation compliance services              | 7,050         | 7,140        |
| Preparation of valuations                 | 13,483        | -            |
| Total remuneration for non-audit services | <u>31,583</u> | <u>7,140</u> |

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

Signed in accordance with a resolution of the directors.



Stephen Stone  
Managing Director

Perth, 25 September 2019

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AZUMAH RESOURCES LIMITED

As lead auditor of Azumah Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 25 September 2019

## **CORPORATE GOVERNANCE STATEMENT**

Azumah Resources Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Azumah Resources Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement was approved by the Board on 29 August 2019 and is current as at 29 August 2019. A description of the Company's current corporate governance practices is set out in the Company's Corporate Governance Statement which can be viewed at [www.azumahresources.com.au](http://www.azumahresources.com.au).

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| YEAR ENDED 30 JUNE 2019  | Notes | 2019<br>\$         | 2018<br>\$  |
|--|-------|--------------------|-------------|
| <b>REVENUE</b>   | 4     | <b>31,424</b>      | 26,735      |
| Net gain on deconsolidation of subsidiaries  | 9(c)  | -                  | 4,391,357   |
| <b>EXPENDITURE</b>   |       |                    |             |
| Depreciation expense   |       | (5,289)            | (93,616)    |
| Salaries and employee benefits expense   |       | (735,866)          | (655,415)   |
| Exploration expenditure  |       | (26,049)           | (636,698)   |
| Impairment expense   | 5     | (111,847)          | (61,185)    |
| Administration expenses  |       | (890,859)          | (1,028,961) |
| Share-based payments expense   | 21(d) | (95,246)           | (377,956)   |
| Share of net losses of joint venture and associate accounted for using the equity method                               | 8(b)  | (376,766)          | (3,661,051) |
| <b>LOSS BEFORE INCOME TAX</b>  |       | <b>(2,210,498)</b> | (2,096,790) |
| <b>INCOME TAX EXPENSE</b>  | 6     | -                  | -           |
| <b>LOSS AFTER INCOME TAX FOR THE YEAR ATTRIBUTABLE TO OWNERS OF AZUMAH RESOURCES LIMITED</b>                           |       | <b>(2,210,498)</b> | (2,096,790) |
| <b>OTHER COMPREHENSIVE INCOME</b>  |       |                    |             |
| <i>Items that may be reclassified subsequently to profit or loss</i>   |       |                    |             |
| Exchange differences on translation of foreign operations  |       | -                  | (60,957)    |
| Share of joint venture's and associate's exchange differences on translation of foreign operations                     |       | 13,496             | (10,214)    |
| <i>Items that have been reclassified to profit or loss</i>   |       |                    |             |
| Exchange differences realised on deconsolidation of foreign operations   |       | -                  | (1,307,001) |
| Other comprehensive income for the year, net of tax  |       | 13,496             | (1,378,172) |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF AZUMAH RESOURCES LIMITED</b>                        |       | <b>(2,197,002)</b> | (3,474,962) |
| Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share) | 20    | (0.3)              | (0.3)       |

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

## STATEMENT OF FINANCIAL POSITION

| <b>AS AT 30 JUNE 2019</b>                         | <b>Notes</b> | <b>2019</b><br><b>\$</b> | <b>2018</b><br><b>\$</b> |
|---|--------------|--------------------------|--------------------------|
| <b>CURRENT ASSETS</b>                             |              |                          |                          |
| Cash and cash equivalents                         | 7            | 701,441                  | 2,323,713                |
| Trade and other receivables                       |              | 172,359                  | 191,914                  |
| <b>TOTAL CURRENT ASSETS</b>                       |              | <b>873,800</b>           | <b>2,515,627</b>         |
| <b>NON-CURRENT ASSETS</b>                         |              |                          |                          |
| Investments accounted for using the equity method | 8            | -                        | 363,270                  |
| Property, plant and equipment                     | 10           | 2,447                    | 9,499                    |
| <b>TOTAL NON-CURRENT ASSETS</b>                   |              | <b>2,447</b>             | <b>372,769</b>           |
| <b>TOTAL ASSETS</b>                               |              | <b>876,247</b>           | <b>2,888,396</b>         |
| <b>CURRENT LIABILITIES</b>                        |              |                          |                          |
| Trade and other payables                          | 11           | 117,728                  | 83,097                   |
| Employee benefit obligations                      |              | 129,440                  | 74,464                   |
| <b>TOTAL CURRENT LIABILITIES</b>                  |              | <b>247,168</b>           | <b>157,561</b>           |
| <b>TOTAL LIABILITIES</b>                          |              | <b>247,168</b>           | <b>157,561</b>           |
| <b>NET ASSETS</b>                                 |              | <b>629,079</b>           | <b>2,730,835</b>         |
| <b>EQUITY</b>                                     |              |                          |                          |
| Contributed equity                                | 12           | 107,284,327              | 107,284,327              |
| Reserves  | 13           | 4,785,746                | 4,677,004                |
| Accumulated losses                                |              | (111,440,994)            | (109,230,496)            |
| <b>TOTAL EQUITY</b>                               |              | <b>629,079</b>           | <b>2,730,835</b>         |

The above Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

## STATEMENT OF CHANGES IN EQUITY

### YEAR ENDED 30 JUNE 2019

|  | Notes | Contributed<br>Equity<br>\$ | Share-Based<br>Payments<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$ |
|--|-------|-----------------------------|--|---|-----------------------------|-------------|
| <b>BALANCE AT 1 JULY 2017</b>  |       | 103,361,606                 | 4,312,544                                | 1,364,676   | (107,133,706)               | 1,905,120   |
| Loss for the year  |       | -                           | -  | -   | (2,096,790)                 | (2,096,790) |
| <b>OTHER COMPREHENSIVE INCOME</b>  |       |                             |  |   |                             |             |
| Exchange differences on translation of foreign operations                          |       | -                           | -  | (60,957)  | -                           | (60,957)    |
| Share of associate's exchange differences on translation of foreign operations     |       | -                           | -  | (10,214)  | -                           | (10,214)    |
| Exchange differences realised on deconsolidation of foreign operations             |       | -                           | -  | (1,307,001)   | -                           | (1,307,001) |
| <b>TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR</b>                                     |       | -                           | -  | (1,378,172)   | (2,096,790)                 | (3,474,962) |
| <b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>                        |       |                             |  |   |                             |             |
| Shares issued during the year  | 12    | 4,157,891                   | -  | -   | -                           | 4,157,891   |
| Share issue transaction costs  | 12    | (235,170)                   | -  | -   | -                           | (235,170)   |
| Share-based payments expense   | 21(d) | -                           | 377,956                                  | -   | -                           | 377,956     |
| <b>BALANCE AT 30 JUNE 2018</b>   |       | 107,284,327                 | 4,690,500                                | (13,496)  | (109,230,496)               | 2,730,835   |
| Loss for the year  |       | -                           | -  | -   | (2,210,498)                 | (2,210,498) |
| <b>OTHER COMPREHENSIVE INCOME</b>  |       |                             |  |   |                             |             |
| Share of joint venture's exchange differences on translation of foreign operations |       | -                           | -  | 13,496  | -                           | 13,496      |
| <b>TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR</b>                                     |       | -                           | -  | 13,496  | (2,210,498)                 | (2,197,002) |
| <b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>                        |       |                             |  |   |                             |             |
| Share-based payments expense   | 21(d) | -                           | 95,246                                   | -   | -                           | 95,246      |
| <b>BALANCE AT 30 JUNE 2019</b>   |       | 107,284,327                 | 4,785,746                                | -   | (111,440,994)               | 629,079     |

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

**STATEMENT OF CASHFLOWS**

| <b>YEAR ENDED 30 JUNE 2019</b>                                    | <b>Notes</b> | <b>2019<br/>\$</b> | <b>2018<br/>\$</b> |
|---|--------------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |              |                    |                    |
| Payments to suppliers and employees                               |              | (1,520,323)        | (1,648,022)        |
| Interest received   |              | 38,035             | 19,836             |
| Expenditure on exploration interests                              |              | (28,137)           | (629,936)          |
| <b>NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES</b>               | 20(a)        | <b>(1,510,425)</b> | <b>(2,258,122)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |              |                    |                    |
| Cash disposed on deconsolidation of subsidiaries                  |              | -                  | (10,556)           |
| Loans to joint venture and associate                              |              | (111,847)          | (49,229)           |
| Payments for property, plant and equipment                        |              | -                  | (7,214)            |
| <b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>               |              | <b>(111,847)</b>   | <b>(66,999)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |              |                    |                    |
| Proceeds from issues of ordinary shares                           |              | -                  | 4,133,064          |
| Payments of share issue transaction costs                         |              | -                  | (235,170)          |
| <b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>                  |              | <b>-</b>           | <b>3,897,894</b>   |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>       |              | <b>(1,622,272)</b> | <b>1,572,773</b>   |
| Cash and cash equivalents at the beginning of the financial year  |              | 2,323,713          | 750,912            |
| Effects of exchange rate changes on cash and cash equivalents     |              | -                  | 28                 |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b> | 7            | <b>701,441</b>     | <b>2,323,713</b>   |

The above Statement of Cashflows should be read in conjunction with the Notes to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the company being Azumah Resources Limited. The financial statements are presented in the Australian currency. Azumah Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 25 September 2019. The directors have the power to amend and reissue the financial statements.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Azumah Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

##### (i) Compliance with IFRS

The financial statements of Azumah Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### (ii) New and amended standards adopted by the Company

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- ▶ AASB 9 Financial Instruments and related amending Standards;
- ▶ AASB 15 Revenue from Contracts with Customers and related amending Standards; and
- ▶ AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions.

#### **AASB 9 Financial Instruments and related amending Standards**

In the current year, the Company has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Company adopted consequential amendments to AASB 7 Financial Instruments: Disclosures.

In summary AASB 9 introduced new requirements for:

- ▶ The classification and measurement of financial assets and financial liabilities;
- ▶ Impairment of financial assets; and
- ▶ General hedge accounting.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (a) Basis of preparation (cont'd)

#### **AASB 15 Revenue from Contracts with Customers and related amending Standards**

In the current year, the Company has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

#### *(iii) Historical cost convention*

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivatives) measured at fair value.

### (b) Principles of equity accounting

#### *(i) Associates*

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. However, refer to note 8 for details of an investee classified as an associate even though the Company holds less than 20% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

#### *(ii) Joint arrangements*

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company acquired an interest in a joint venture during the prior reporting period.

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the statement of financial position. Refer to note 8 for details of the joint venture entity.

#### *(iii) Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (b) Principles of equity accounting (cont'd)

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1(g).

#### *(iv) Changes in ownership interests*

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

### (d) Foreign currency translation

#### *(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Azumah Resources Limited's functional and presentation currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

### (e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

### (f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (f) Income tax (cont'd)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (h) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

### (i) Financial assets

#### (i) Classification

From 1 July 2018 the Company classifies its financial assets in the following measurement categories:

- ▶ Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- ▶ Those to be measured at amortised cost.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (i) Financial assets (cont'd)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

#### *(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### *(iii) Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- ▶ **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- ▶ **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or expenses and impairment losses are presented as a separate line item in the statement of profit or loss.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (i) Financial assets (cont'd)

- ▶ FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income or expenses in the period in which it arises.

#### *Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other income or expenses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### *(iv) Impairment*

From 1 July 2018 the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology depends on whether there has been a significant increase in credit risk.

#### *(v) Accounting policies applied until 30 June 2018*

The Company has applied AASB 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

### **Classification**

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Company's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (i) Financial assets (cont'd)

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

#### ***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### ***Measurement***

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Details on how the fair value of financial investments is determined are disclosed in note 2.

#### ***Impairment***

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### ***Assets carried at amortised cost***

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

### (j) Exploration and evaluation costs

Exploration and evaluation costs are expensed (and not capitalised) in the year they are incurred.

### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are paid on normal commercial terms.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (I) Employee benefits

#### *(i) Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in employee benefit obligations in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *(ii) Other long-term employee benefit obligations*

The Company also has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### *(iii) Share-based payments*

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 21.

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or trinomial barrier option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (l) Employee benefits (cont'd)

Performance rights are also granted to employees. The fair value of performance rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and allocated over the period during which the employees become unconditionally entitled to the performance rights. The fair value of the performance rights is determined by fair market value of share at the date of grant.

### (m) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

### (n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the respective taxation authorities, are presented as operating cash flows.

### (o) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

#### **AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019).**

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The Company plans to adopt the new standard on the required effective date. The Company continues to assess the potential impact of AASB 16 on its financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (p) Critical accounting estimates and judgements

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- ▶ Judgement on the classification of an investee as an associate where the voting rights held is less than 20% - note 8;
- ▶ Judgement on the fair value of loan receivable from an investee – note 8;
- ▶ Judgement on the classification of joint control – note 9;
- ▶ Judgement on the fair value of loan payable to joint venture partner – note 9;
- ▶ Estimation on fair value on initial recognition of joint venture – note 9; and
- ▶ Estimation and judgement on valuation of share-based payments – note 21.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. The Managing Director has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

### (a) Market risk

#### *Price risk*

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the statement of financial position as investments accounted for using the equity method. Given the current level of operations, the Company is not currently exposed to commodity price risk.

The Company's equity investments are publicly traded on the ASX, with the investments being made for strategic purposes identified by the Board of Directors. The price risk is monitored by the Board and evaluated in accordance with these strategic outcomes.

The risk is not material and sensitivity analysis does not result in a material effect on Company results or financial position.

### (b) Credit risk

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Company is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

## 2. FINANCIAL RISK MANAGEMENT (cont'd)

### (c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

## 3. SEGMENT INFORMATION

For management purposes, the Company has identified only one reportable segment being exploration activities undertaken in Ghana, West Africa. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Company's mineral assets in this geographic location.

Segment performance matches the Company's financial statements.

## 4. REVENUE AND OTHER INCOME

|                      | 2019<br>\$    | 2018<br>\$ |
|----------------------|---------------|------------|
| <b>Revenue</b>       |               |            |
| <i>Other revenue</i> |               |            |
| Interest             | <b>31,424</b> | 26,735     |

## 5. EXPENSES

### Loss before income tax includes the following specific expenses:

|  |                |        |
|--|----------------|--------|
| Minimum lease payments relating to operating leases                                | <b>60,580</b>  | 58,080 |
| Defined contribution superannuation expense  | <b>58,468</b>  | 52,210 |
| Foreign exchange losses  | <b>3,637</b>   | 4,858  |
| <i>Impairment expense</i>  |                |        |
| Impairment of trade and other receivables of a subsidiary prior to deconsolidation | -              | 2,013  |
| Impairment of loan to joint venture (note 17(c))                                   | <b>111,847</b> | 59,172 |
| Total impairment expense   | <b>111,847</b> | 61,185 |

## 6. INCOME TAX

|   | 2019<br>\$       | 2018<br>\$       |
|---|------------------|------------------|
| <b>(a) Numerical reconciliation of income tax benefit to prima facie tax payable</b>      |                  |                  |
| Loss from continuing operations before income tax benefit                                 | (2,210,498)      | (2,096,790)      |
| Prima facie tax benefit at the Australian tax rate of 30% (2018: 30%)                     | (663,149)        | (629,037)        |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income:   |                  |                  |
| Share-based payments  | 28,574           | 113,387          |
| Balances related to the Ibaera transaction and deconsolidation of subsidiaries            | 113,030          | (219,092)        |
| Sundry items  | 48,151           | 123,387          |
|   | <b>(473,394)</b> | <b>(611,355)</b> |
| Movements in unrecognised temporary differences   | 29,632           | (9,688)          |
| Tax effect of current year tax losses for which no deferred tax asset has been recognised | 443,762          | 642,274          |
| Foreign tax rate differential   | -                | (21,231)         |
| Income tax benefit  | -                | -                |

## (b) Unrecognised temporary differences

### Deferred Tax Assets at 30% (2018: 30%)

#### On Income Tax Account

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Capital raising costs              | 63,255            | 87,827            |
| Provision for impairment           | 30,260,409        | 26,808,038        |
| Accruals and other provisions      | 52,998            | 32,495            |
| Carry forward tax losses (revenue) | 4,319,572         | 3,985,099         |
|                                    | <b>34,696,234</b> | <b>30,913,459</b> |

### Deferred Tax Liabilities at 30% (2018: 30%)

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Company's ability to use losses in the future is subject to the companies in the Company satisfying the relevant tax authority's criteria for using these losses.

## 7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

|   |                |                  |
|---|----------------|------------------|
| Cash at bank and in hand  | 451,441        | 323,713          |
| Short-term deposits   | 250,000        | 2,000,000        |
| Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows | <b>701,441</b> | <b>2,323,713</b> |

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

## 8. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below are the associates and joint ventures of the Company as at 30 June 2019.

| Name of entity                         | % of ownership interest |      | Quoted fair value |         | Carrying amount |         |
|--|-------------------------|------|-------------------|---------|-----------------|---------|
|  | 2019                    | 2018 | 2019              | 2018    | 2019            | 2018    |
|  | %                       | %    | \$                | \$      | \$              | \$      |
| Castle Minerals Limited <sup>(1)</sup> | 12.4                    | 12.5 | 138,625           | 443,600 | -               | -       |
| Azumah Resources GH Ltd <sup>(2)</sup> | 58.7                    | 86.7 | - *               | - *     | -               | 363,270 |
| Total equity accounted investments     |                         |      |                   |         | -               | 363,270 |

(1) Castle Minerals Limited (**CDT**) is classified as an associate and the investment is measured using the equity method. CDT has share capital consisting solely of ordinary shares, which are held directly by the Company. CDT was incorporated in Australia, which is also their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

CDT is an ASX listed exploration company with minerals interests in Ghana. It is a strategic investment which utilises the Company's knowledge and expertise and compliments the Company's mineral interests held in Ghana.

(2) Azumah Resources GH Ltd (**ARG**) was classified as a joint venture during the 2018 financial year (refer note 9) and the investment is measured using the equity method. Previously ARG was classified as a subsidiary and consolidated. ARG has share capital consisting of ordinary shares and redeemable convertible preference shares, refer to note 9. ARG was incorporated in Ghana, which is also their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held. The percentage of ownership is diluted in the proportion that the contributed funding by Ibaera bears to the Initial Earn-In Funding.

ARG is a private exploration company with minerals interests in Ghana. It is a strategic investment which holds the Company's primary Wa Gold Project.

\* Private entity – no quoted price available.

### (a) Significant judgements

#### *Classification of investee as an associate*

The Company has made a significant judgement about the classification of an investee as an associate where the voting rights held is less than 20%. During the 2016 financial year the Company had two of its directors, Messrs Atkins and Stone, appointed to the board of CDT, an entity of which the Company held 12.4% (2018: 12.5%) of the voting rights at the reporting date, represented by a holding of 27,725,024 ordinary shares (2018: 27,725,024). This representation on the board of the investee, and ability to participate in the policy-making processes of the investee, has led to the determination that the Company has significant influence over the investee. From the date of the director appointments, the Company has accounted for the investee using the equity method. Prior to this date the investee was classified as an available-for-sale financial asset and accounted for at fair value through other comprehensive income.

#### *Loan receivable from associate*

As disclosed in note 9, advances from Ibaera through AGR during the funding period ultimately gives rise to a loan receivable from AGR in Azumah's books. The total loan funding received from Ibaera from inception of the earn-in to date is US\$8,324,303 is recognised at a fair value of nil. The fair value was determined on a discounted basis reflecting the risk of the project being in the exploration stages and the indeterminate timeframe for repayment being not to occur until after production from the Wa Project has commenced.

## 8. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (cont'd)

### (b) Summarised financial information for associate and joint venture

The tables below provide summarised financial information for the Company's associate (CDT) and joint venture (ARG). The information disclosed reflects the amount presented in the financial statements of CDT and ARG and not Azumah Resources Limited's share of those amounts. They have been amended to reflect adjustments made by the Company when using the equity method.

|   | Azumah Resources GH Ltd |              | Castle Minerals Limited |         |
|---|-------------------------|--------------|-------------------------|---------|
|   | 2019                    | 2018         | 2019                    | 2018    |
|   | \$                      | \$           | \$                      | \$      |
| <b>Summarised statement of financial position</b> |                         |              |                         |         |
| Current assets                                    |                         |              |                         |         |
| Cash and cash equivalents                         | 12,674                  | 14,486       | *                       | *       |
| Other current assets                              | 29,281                  | 46,595       | *                       | *       |
| Total current assets                              | 41,955                  | 61,081       | 355,092                 | 716,845 |
| Non-current assets                                | 1,371,664               | 1,475,058    | 11,061                  | 13,829  |
| Total assets                                      | 1,413,619               | 1,536,139    | 366,153                 | 730,674 |
| Current liabilities                               | 912,408                 | 1,396,549    | 244,382                 | 144,581 |
| Non-current liabilities                           | 109,527,594             | 87,621,980   | -                       | -       |
| Total liabilities                                 | 110,440,002             | 89,018,529   | 244,382                 | 144,581 |
| Net assets/(liabilities)                          | (109,026,383)           | (87,482,390) | 121,771                 | 586,093 |

### Summarised statement of profit or loss and other comprehensive income

|                            |              |             |           |             |
|----------------------------|--------------|-------------|-----------|-------------|
| Revenue and other income   | 21,040       | 1,686       | 82,791    | 21,138      |
| Interest income            | -            | -           | *         | *           |
| Depreciation               | (346,716)    | (267,784)   | *         | *           |
| Interest expense           | -            | -           | *         | *           |
| Income tax expense         | -            | -           | *         | *           |
| Loss for the period        | (7,711,808)  | (4,303,155) | (494,738) | (1,615,493) |
| Other comprehensive income | (5,144,151)  | (32,446)    | 416       | 164         |
| Total comprehensive loss   | (12,855,959) | (4,335,601) | (494,322) | (1,615,329) |

|                                   |   |   |   |   |
|-----------------------------------|---|---|---|---|
| Dividends received from associate | - | - | - | - |
|-----------------------------------|---|---|---|---|

\* Disclosure not applicable for associates.

### Reconciliation of value of investment:

|  |           |             |   |           |
|--|-----------|-------------|---|-----------|
| Opening carrying amount  | 363,270   | -           | - | 126,931   |
| Addition of investment in Azumah Resources GH Ltd (note 9)                   | -         | 3,918,300   | - | -         |
| Exchange differences   | 13,496    | (9,943)     | - | -         |
| Share of joint venture's and associate's loss and other comprehensive income | (376,766) | (3,545,087) | - | (126,931) |
| Closing carrying amount  | -         | 363,270     | - | -         |

## 8. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (cont'd)

### (c) Contingent liabilities in respect of associate and joint venture

#### *Castle Minerals Limited*

The Company shares in the following contingent assets and liability incurred jointly with other investors of the associate:

#### **Contingent liability**

##### *Tenement acquisition*

In accordance with a tenement acquisition agreement entered during the year, the following deferred consideration may become payable in future periods:

2,000,000 performance rights to vest into fully paid ordinary shares of Castle on the date that Castle submits a Form 5 (in the form specified in the Mining Act) stating that Castle has expended \$500,000 on the tenement.

#### **Contingent assets**

##### *Julie West tenement sale*

Under the terms of the sale agreement for the Julie West Prospecting Licence (“tenement”), the Group is entitled to a final payment of \$250,000 upon completion. Completion is dependent upon obtaining the consent of the Minister in Ghana responsible for the administration of the *Minerals and Mining Act, (2006)* Ghana to the transfer of all the legal and beneficial interest in the tenement to the Group.

##### *Topago sale*

Under the terms of the sale agreement for the disposal of the Group’s former subsidiary Topago Mining Ltd (“Topago”) the sale consideration includes a cash payment of US\$100,000 upon commencement of mining at the Akoko Gold Project, a gross royalty of US\$25 per ounce on the first 50,000 ounces of gold produced, and a 1% gross royalty on any additional production over 50,000 ounces of gold. The amounts (in AUD) and the timing of receipt are not able to be determined at the period end and accordingly, no asset has been recognised for the contingent asset.

#### *Azumah Resources GH Ltd*

The Company shares in the following contingent liabilities incurred jointly with other investors of the joint venture:

##### *Ghanaian Government’s Rights to Participation in Mining Projects*

The Government is entitled to a 10% interest in any mineral operations in respect of mineral rights held in Ghana without the payment of compensation. However, it is not usual for the Government to exercise this option in relation to the holder of reconnaissance rights.

The Government also has the option of acquiring an additional 20% interest in the rights and obligations in any mineral operations where any mineral is discovered in commercial quantities. The acquisition of this further 20% interest must be on terms agreed upon between the holder of the mining lease and the Government. Since the law was passed in 1986, the Government has never exercised this option.

## 9. DECONSOLIDATION OF SUBSIDIARIES AND EARN-IN BY IBAERA

### (a) Description

On 1 September 2017 the Company executed an Earn-In and Shareholders Agreement (**EISA**) with private equity group Ibaera Capital Fund GP Limited (**Ibaera**), whereby Ibaera can earn in two stages over two years up to a 47.5% direct interest in the Company’s Wa Gold Project for an expenditure of US\$13.5 million. An Amended EISA dated 30 October 2017 was subsequently executed, under which the Commencement Date was 3 November 2017.

The EISA provides for Azumah to retain a 57.5% ownership interest and Ibaera the ability to obtain a 42.5% ownership interest in ARG by spending US\$11.25 million (**Initial Earn-In Funding**) (or the completion of a feasibility study). Up to an additional 5% ownership interest may be obtained (in defined circumstances) by Ibaera spending a further US\$2.25 million. From the commencement date Ibaera have been issued Series A Redeemable Convertible Preference Shares (**RCPS**) in ARG that will convert to ordinary shares in ARG upon satisfaction of the Initial Earn-In Funding. The RCPS have participative and voting rights in the proportion that the contributed funding bears to the Initial Earn-In Funding. At 30 June 2019 this equated to a 41.3% interest in ARG (30 June 2018: 13.3%).

## 9. DECONSOLIDATION OF SUBSIDIARIES AND EARN-IN BY IBAERA (cont'd)

### (a) Description (cont'd)

The contractual rights contained in the EISA include the appointment of two members to ARG's board of directors by Ibaera (Azumah have two appointees also, including the chairman who has a casting vote except in those instances designated as requiring a unanimous vote over the relevant activities of ARG), and unanimous voting requirements over the relevant activities of ARG. These rights have created a situation whereby Azumah and Ibaera, from the Commencement Date, have joint control of ARG, thereby creating a joint venture. Hence, from the Commencement Date, Azumah has deconsolidated its former subsidiary ARG, and the two other entities within the ARG consolidated group.

Azumah's continuing investment in the joint venture will be treated as an investment accounted for using the equity method. The fair value upon initial recognition of this investment has been determined as the amount of the Initial Earn-In Funding that Ibaera is committed to spend prior to having the option of voluntarily withdrawing from the EISA. This amount is US\$3 million. Subsequently, Azumah will recognise its share of the joint venture's profit or loss and other comprehensive income in accordance with the Company's existing accounting policies.

Contemporaneously with the execution of the EISA, Azumah also entered a Loan Assignment Deed with Ibaera whereby 42.5% of the benefits of Azumah's loan to ARG have been assigned to Ibaera for consideration of US\$1. The loan is USD denominated, unsecured, interest free (until the commencement of project development), with repayment set for 31 October 2027. The loan balance on the Commencement Date was US\$63,433,908 (A\$81,178,674), with that amount fully impaired by Azumah as at that date. If the EISA is terminated or Ibaera withdraw, the benefit of the loan assignment is transferred back to Azumah for US\$1.

The fair value of Azumah's financial liability to Ibaera upon initial recognition of the loan assignment has been determined as the US\$1 that Azumah is contractually obligated to deliver if the EISA is terminated or Ibaera withdraw.

Total increase in the loan advances from Ibaera into ARG from the inception of the earn-in to 30 June 2019 amounted to \$10,862,657 (US\$8,324,303).

Until such time that ARG has the financial resources to repay the loan (i.e. when it goes into production) and any future advances from Ibaera into ARG (which creates a loan receivable by ARG to Azumah) and the corresponding Azumah financial liability to Ibaera, will have a fair value of nil.

### (b) Critical accounting estimates and judgements

Accounting for this transaction has required management to exercise a high degree of judgement over the following areas:

#### *Classification of joint control*

From the Commencement Date of the EISA, Azumah and Ibaera have two appointee's each on the board of directors of ARG. The EISA also stipulates decisions of ARG's board that require unanimous approval, which the Company has determined creates substantive rights over the relevant activities of ARG. This has resulted in joint control over ARG, resulting in deconsolidation by Azumah of the ARG consolidated group, and the subsequent recognition of an investment in a joint venture.

#### *Fair value on initial recognition of joint venture*

The fair value on initial recognition of the Company's retained interest in ARG, which was 100% at date of disposal, has been determined using management's judgement on the contractual provisions of the EISA. Ibaera is committed to a minimum spend of US\$3 million, after which time it is possible for them to voluntarily withdraw from the EISA with no further obligation. This has been determined as being representative of the fair value of the Company's investment in ARG.

#### *Loan payable to joint venture partner*

The fair value on initial recognition of the Company's loan payable to Ibaera has been determined using management's judgement on the contractual provisions of the EISA and AGR Loan Assignment Deed. The fair value has been determined as the US\$1 that Azumah is contractually obligated to deliver if the EISA is terminated or Ibaera withdraw. Increases in the loan since inception have also been recognised at fair value using management's judgement on the recoverability of the AGR loan receivable. The fair value was determined on a discounted basis reflecting the risk of the project being in the exploration stages and the indeterminate timeframe for repayment being not to occur until after production from the Wa Project has commenced.

**9. DECONSOLIDATION OF SUBSIDIARIES AND EARN-IN BY IBAERA (cont'd)****(c) Details of the gain on deconsolidation of subsidiaries**

|  | 2019<br>\$ | 2018<br>\$ |
|--|------------|------------|
| Fair value of investment retained in AZG   | -          | 3,918,300  |
| Carrying amount of net assets disposed <sup>(1)</sup>  | -          | (833,944)  |
| Gain on deconsolidation before income tax and reclassification of foreign currency translation reserve | -          | 3,084,356  |
| Reclassification of foreign currency translation reserve   | -          | 1,307,001  |
| Income tax   | -          | -          |
| Net gain on deconsolidation of subsidiaries  | -          | 4,391,357  |

The carrying amounts of assets and liabilities as at the date of deconsolidation (3 November 2017) were:

|                               | 3 November 2017<br>\$ |
|-------------------------------|-----------------------|
| Cash                          | 10,556                |
| Other receivables             | 22,671                |
| Property, plant and equipment | 1,390,328             |
| Total assets                  | 1,423,555             |
| Trade and other payables      | (589,611)             |
| Total liabilities             | (589,611)             |
| Net assets                    | 833,944               |

- (1) The net assets disposed excludes intercompany loans payable to Azumah by the former subsidiaries as these loans receivable were fully written down to nil by Azumah.

**10. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT**

|   | Freehold Buildings<br>\$ | Plant and Equipment<br>\$ | Total<br>\$ |
|---|--------------------------|---------------------------|-------------|
| <b>At 1 July 2017</b>                       |                          |                           |             |
| Cost  | 1,875,100                | 1,674,313                 | 3,549,413   |
| Accumulated depreciation                    | (431,706)                | (1,626,349)               | (2,058,055) |
| Net book amount                             | 1,443,394                | 47,964                    | 1,491,358   |
| <b>Year ended 30 June 2018</b>              |                          |                           |             |
| Opening net book amount                     | 1,443,394                | 47,964                    | 1,491,358   |
| Exchange differences                        | 1,895                    | (7,024)                   | (5,129)     |
| Additions                                   | -                        | 7,214                     | 7,214       |
| Depreciation charge                         | (76,490)                 | (17,126)                  | (93,616)    |
| Disposal on deconsolidation of subsidiaries | (1,368,799)              | (21,529)                  | (1,390,328) |
| Closing net book amount                     | -                        | 9,499                     | 9,499       |
| <b>At 30 June 2018</b>                      |                          |                           |             |
| Cost  | -                        | 294,515                   | 294,515     |
| Accumulated depreciation                    | -                        | (285,016)                 | (285,016)   |
| Net book amount                             | -                        | 9,499                     | 9,499       |

## 10. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (cont'd)

|                                | Freehold Buildings<br>\$ | Plant and Equipment<br>\$ | Total<br>\$ |
|--------------------------------|--------------------------|---------------------------|-------------|
| <b>Year ended 30 June 2019</b> |                          |                           |             |
| Opening net book amount        | -                        | 9,499                     | 9,499       |
| Depreciation charge            | -                        | (5,289)                   | (5,289)     |
| Disposals                      | -                        | (1,763)                   | (1,763)     |
| Closing net book amount        | -                        | 2,447                     | 2,447       |
| <b>At 30 June 2019</b>         |                          |                           |             |
| Cost                           | -                        | 193,289                   | 193,289     |
| Accumulated depreciation       | -                        | (190,842)                 | (190,842)   |
| Closing net book amount        | -                        | 2,447                     | 2,447       |

## 11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

|                             | 2019<br>\$     | 2018<br>\$    |
|-----------------------------|----------------|---------------|
| Trade payables              | 62,694         | 39,022        |
| Other payables and accruals | 55,034         | 44,075        |
|                             | <u>117,728</u> | <u>83,097</u> |

All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

## 12. CONTRIBUTED EQUITY

|  | Notes            | 2019               |                    | 2018        |                    |
|--|------------------|--------------------|--------------------|-------------|--------------------|
|  | Number of shares | \$                 | Number of shares   | \$          |                    |
| <b>(a) Share capital</b>                                     |                  |                    |                    |             |                    |
| Ordinary shares fully paid                                   | 12(b), (d)       | 782,153,101        | 107,284,327        | 782,153,101 | 107,284,327        |
| Total contributed equity                                     |                  |                    | <u>107,284,327</u> |             | <u>107,284,327</u> |
| <b>(b) Movements in ordinary share capital</b>               |                  |                    |                    |             |                    |
| Beginning of the financial year                              |                  | 782,153,101        | 107,284,327        | 582,565,957 | 103,361,606        |
| Issued during the year:                                      |                  |                    |                    |             |                    |
| – Issued for cash via entitlements issue                     |                  | -                  | -                  | 116,513,192 | 2,330,264          |
| – Issued for cash at 2.2 cents per share                     |                  | -                  | -                  | 81,945,452  | 1,802,800          |
| – Issued as consideration for consulting fees <sup>(1)</sup> |                  | -                  | -                  | 1,128,500   | 24,827             |
| Less transaction costs                                       |                  | -                  | -                  | -           | (235,170)          |
| End of the financial year                                    |                  | <u>782,153,101</u> | <u>107,284,327</u> | 782,153,101 | 107,284,327        |

(1) These shares were valued at the fair value of the services received as invoiced by the supplier, inclusive of GST.

**12. CONTRIBUTED EQUITY (cont'd)**

|  | Number of options |                   |
|--|-------------------|-------------------|
|  | 2019              | 2018              |
| <b>(c) Movements in options on issue</b>               |                   |                   |
| Beginning of the financial year                        | 38,000,000        | -                 |
| Issued, exercisable at \$0.03, expiry 13 November 2021 | 10,000,000        | 35,000,000        |
| Issued, exercisable at \$0.03, expiry 31 January 2021  | 1,500,000         | -                 |
| Issued, exercisable at \$0.03, expiry 30 June 2020     | -                 | 3,000,000         |
| End of the financial year                              | <b>49,500,000</b> | <b>38,000,000</b> |

**(d) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

**(e) Capital risk management**

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital positions of the Company at 30 June 2019 and 30 June 2018 are as follows:

|                              | 2019           | 2018             |
|------------------------------|----------------|------------------|
|                              | \$             | \$               |
| Cash and cash equivalents    | 701,441        | 2,323,713        |
| Trade and other receivables  | 172,359        | 191,914          |
| Trade and other payables     | (117,728)      | (83,097)         |
| Employee benefit obligations | (129,440)      | (74,464)         |
| Working capital position     | <b>626,632</b> | <b>2,358,066</b> |

**13. RESERVES****(a) Reserves**

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Foreign currency translation reserve | -                | (13,496)         |
| Share-based payments reserve         | 4,785,746        | 4,690,500        |
|                                      | <b>4,785,746</b> | <b>4,677,004</b> |

**(b) Nature and purpose of reserves***(i) Foreign currency translation reserve*

Exchange differences arising on translation of the net investments in foreign entities are recognised in other comprehensive income as described in note 1(d) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

*(ii) Share-based payments reserve*

The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

#### 14. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

##### (a) Audit services

|   |               |               |
|---|---------------|---------------|
| BDO Audit (WA) Pty Ltd – audit and review of financial reports                        | 37,435        | 32,743        |
| BDO Audit (WA) Pty Ltd – other assurance services: audit of joint venture expenditure | 9,550         | -             |
| Total remuneration for audit and other assurance services                             | <u>46,985</u> | <u>32,743</u> |

##### (b) Non-audit services

|   |               |              |
|---|---------------|--------------|
| BDO Corporate Tax (WA) Pty Ltd – taxation compliance services | 7,050         | 7,140        |
| BDO Corporate Tax (WA) Pty Ltd – taxation consulting services | 1,500         | -            |
| BDO Advisory (WA) Pty Ltd – preparation of valuations         | 13,483        | -            |
| Total remuneration for other services                         | <u>22,033</u> | <u>7,140</u> |

#### 15. CONTINGENCIES

There are no material contingent assets of the Company at reporting date. The Company has the following contingent liability in relation to a tenement purchase:

Under the terms of the sale agreement for the Julie West Prospecting Licence (“tenement”) between CDT and the Company, the Company is required to make a final payment of \$250,000 upon completion. Completion is dependent upon obtaining the consent of the Minister in Ghana responsible for the administration of the Minerals and Mining Act, (2006) Ghana to the transfer of all of the legal and beneficial interest in the tenement to the Company.

#### 16. COMMITMENTS

##### Lease commitments: Company as lessee

*Operating leases (non-cancellable):*

|  |               |               |
|--|---------------|---------------|
| Minimum lease payments   |               |               |
| within one year  | 24,000        | 29,040        |
| later than one year but not later than five years  | -             | -             |
| Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities | <u>24,000</u> | <u>29,040</u> |

The property lease is a non-cancellable lease with a twelve-month term, with rent payable monthly in advance. The rent payable is fixed for the duration of the term. The lease allows for subletting of all lease areas.

#### 17. RELATED PARTY TRANSACTIONS

##### (a) Key management personnel compensation

|                          |                |                  |
|--------------------------|----------------|------------------|
| Short-term benefits      | 515,406        | 585,130          |
| Long-term benefits       | 54,976         | 21,075           |
| Post-employment benefits | 48,114         | 42,819           |
| Share-based payments     | 94,000         | 374,500          |
|                          | <u>712,496</u> | <u>1,023,524</u> |

Detailed remuneration disclosures are provided in the remuneration report on pages 16 to 20.

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

## 17. RELATED PARTY TRANSACTIONS (cont'd)

### (b) Transactions and balances with other related parties

#### *Expense on-charges and purchases of goods and services*

|   |        |        |
|---|--------|--------|
| Various administration expenses on-charged to an associate  | 39,386 | 54,547 |
| Reimbursement of exploration expenditure to an associate in relation to a tenement acquisition  | -      | 26,344 |
| Sub-underwriting fee (paid by the underwriter) to an entity controlled by the Chairman, Mr Atkins, in relation to the Company's non-renounceable rights issue | -      | 441    |

### (c) Loans to/from related parties

Azumah Resources Limited has provided an unsecured, interest free (until the commencement of project development) loan to Azumah Resources GH Ltd. Refer to note 9, ARG was formerly a subsidiary of Azumah, but is now a joint venture that is accounted for using the equity method. The loan is denominated in USD and is not repayable until 31 October 2027. The balance of the loan at 30 June 2019 was \$100,868,029 (2018: \$89,360,127) and has been fully impaired by Azumah.

Refer to note 9, Ibaera have contributed the majority of the loan funding from the establishment of the joint venture and are also entitled to 42.5% of the balance per the Loan Assignment Deed. Total increase in the loan advances from Ibaera into ARG from the inception of the earn-in to 30 June 2019 amounted to \$10,862,657 (US\$8,324,303) (2018: \$3,494,644 (US\$2,707,977)).

The movement in the carrying value of the loan for contributions made by Azumah for the period from deconsolidation of subsidiaries to the reporting date is shown below:

|  |           |          |
|--|-----------|----------|
| Opening value at deconsolidation of subsidiaries | -         | -        |
| Loans advanced                                   | 111,847   | 59,172   |
| Impairment charge                                | (111,847) | (59,172) |
| Closing value                                    | -         | -        |

## 18. EVENTS OCCURRING AFTER THE REPORTING DATE

During July 2019 the Company concluded the underwritten share purchase plan and top-up placement announced on 13 June 2019 with the issue of 196,428,739 ordinary shares to raise a total of \$2.75 million.

During July 2019 the Company announced that joint venture partner Ibaera had completed their obligations under the EISA and become entitled to ownership of 42.5% of the ordinary issued capital of AZG, the holder of all mineral licences comprising the Project. It was also announced that Azumah elected to allow Ibaera to sole fund the next stage of funding of the Project and completion of the feasibility study scheduled for year-end 2019. The election will enable Ibaera to earn an additional 4% interest in AZG, and hence the Project, to a maximum interest of 46.5% by funding the already approved programme and budget of US\$2.25 million. The EISA provides that the actual additional interest to be earned will be determined having regard to the current value of the Project.

During September 2019, an unsolicited off-market cash takeover offer was made on behalf of private equity group, Ibaera Capital Fund GP Limited for all the shares in the Company not already owned by Ibaera.

No other matter or circumstance has arisen since 30 June 2019, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

**19. CASH FLOW INFORMATION**

|  | 2019<br>\$         | 2018<br>\$         |
|--|--------------------|--------------------|
| <b>(a) Reconciliation of net loss after income tax to net cash outflow from operating activities</b>   |                    |                    |
| Net loss for the year  | (2,210,498)        | (2,096,790)        |
| <b>Non-Cash Items</b>  |                    |                    |
| Depreciation of non-current assets   | 5,289              | 93,616             |
| Loss on disposal of non-current assets   | 1,763              | -                  |
| Share of net loss of associate accounted for using the equity method                                   | 376,766            | 3,661,051          |
| Share-based payment expense  | 95,246             | 377,956            |
| Net exchange differences   | -                  | (53,795)           |
| Shares issued as consideration for consulting fees   | -                  | 24,827             |
| Net gain on deconsolidation of subsidiaries  | -                  | (4,391,357)        |
| Impairment of loan to associate  | 111,847            | 59,172             |
| <b>Change in operating assets and liabilities, net of effects from deconsolidation of subsidiaries</b> |                    |                    |
| Decrease/(increase) in trade and other receivables   | 19,555             | (32,943)           |
| Increase in trade and other payables and employee benefit obligations                                  | 89,607             | 100,141            |
| Net cash outflow from operating activities   | <u>(1,510,425)</u> | <u>(2,258,122)</u> |

**(b) Non-cash investing and financing activities**

During the 2018 financial year, 1,128,500 ordinary shares were issued at a deemed cost of \$24,827 (including GST) as consideration for consulting fees. This amount was included in 'Administration expenses' on the statement of profit or loss and other comprehensive income of the Company.

**20. LOSS PER SHARE****(a) Reconciliation of earnings used in calculating loss per share**

|   |                    |                    |
|---|--------------------|--------------------|
| Loss attributable to the owners of the Company used in calculating basic and diluted loss per share | <u>(2,210,498)</u> | <u>(2,096,790)</u> |
|---|--------------------|--------------------|

| Number of<br>shares | Number of<br>shares |
|---------------------|---------------------|
|---------------------|---------------------|

**(b) Weighted average number of shares used as the denominator**

|  |                    |                    |
|--|--------------------|--------------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | <u>782,153,101</u> | <u>690,914,544</u> |
|--|--------------------|--------------------|

**(c) Information on the classification of options**

As the Company has made a loss for the year ended 30 June 2019, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

## 21. SHARE-BASED PAYMENTS

### (a) Employees' and contractors' options

The Company provides benefits to employees (including directors) and contractors of the Company in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. The exercise price of all options granted is 3 cents per option. All options granted have expiry dates ranging from 30 June 2020 to 13 November 2021.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

|  | 2019              |                                       | 2018              |                                       |
|--|-------------------|---------------------------------------|-------------------|---------------------------------------|
|  | Number of options | Weighted average exercise price cents | Number of options | Weighted average exercise price cents |
| Outstanding at the beginning of the year | 38,000,000        | 3.0                                   | -                 | -                                     |
| Granted                                  | 11,500,000        | 3.0                                   | 38,000,000        | 3.0                                   |
| Forfeited/cancelled                      | -                 | -                                     | -                 | -                                     |
| Exercised                                | -                 | -                                     | -                 | -                                     |
| Expired                                  | -                 | -                                     | -                 | -                                     |
| Outstanding at year-end                  | 49,500,000        | 3.0                                   | 38,000,000        | 3.0                                   |
| Exercisable at year-end                  | 49,500,000        | 3.0                                   | 38,000,000        | 3.0                                   |

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.3 years (2018: 3.3), and the exercise price is 3 cents.

The weighted average fair value of options granted during the year was 0.8 cents (2018: 1.0). The prices were calculated by using the Black-Scholes European Option Pricing Model for the 10,000,000 options granted to Directors (2018: 35,000,000 options granted to Directors), and a Trinomial Barrier Option Pricing Model for the 1,500,000 options granted to a consultant (2018: 3,000,000 options granted to a consultant), applying the following inputs:

|                                 | Black-Scholes Model | Trinomial Barrier Model | Black-Scholes Model | Trinomial Barrier Model |
|---------------------------------|---------------------|-------------------------|---------------------|-------------------------|
|                                 | 2019                | 2019                    | 2018                | 2018                    |
| Exercise price (cents)          | 3.0                 | 3.0                     | 3.0                 | 3.0                     |
| Barrier price (cents)           | N/A                 | 6.0                     | N/A                 | 6.0                     |
| Life of the option (years)      | 2.9                 | 2.4                     | 4.0                 | 2.2                     |
| Underlying share price (cents)  | 2.2                 | 2.0                     | 2.0                 | 2.2                     |
| Expected share price volatility | 77.4%               | 35.0%                   | 84.9%               | 35.0%                   |
| Risk-free interest rate         | 1.9%                | 2.0%                    | 1.9%                | 2.0%                    |

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

### (b) Shares issued to suppliers

During the 2018 financial year, 1,128,500 ordinary shares were issued at a deemed cost of \$24,827 (including GST) as consideration for consulting fees. This amount was included in 'Administration expenses' on the statement of profit or loss and other comprehensive income of the Company.

**21. SHARE-BASED PAYMENTS (cont'd)****(c) Critical accounting estimates and judgements**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model or fair market value of share (right) at the date of grant, using the assumptions detailed above. If any of these assumptions were to change, there may be an impact on the amounts reported.

**(d) Expenses arising from share-based payment transactions**

|  | 2019          | 2018           |
|--|---------------|----------------|
|  | \$            | \$             |
| Total expenses arising from share-based payment transactions recognised during the period were as follows: |               |                |
| Options issued to employees and contractors  | <b>95,246</b> | 377,956        |
| Shares issued to suppliers ('Administration expenses')   | -             | 24,827         |
|  | <b>95,246</b> | <b>402,783</b> |

## DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements comprising the statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 25 to 52 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2019, comply with Section 300A of the *Corporations Act 2001*; and
- (d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Stephen Stone  
Managing Director

Perth, 25 September 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Azumah Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Azumah Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Azumah Resources Limited, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of share based payments

| Key audit matter  | How the matter was addressed in our audit  |
|---|--|
| <p>During the financial period ended 30 June 2019, the Company issued options to consultants and key management personnel, which have been accounted for as share-based payments as per note 21.</p> <p>Refer to Note 1(l)(iii) of the financial report for a description of the accounting policy and Note 21(c) for the significant estimates and judgements applied to these arrangements.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the Company's calculation of the share-based payment expense to be a key audit matter.</p> | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;</li> <li>• Reviewing management's calculation of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs;</li> <li>• Involving our valuation specialists, to assess the reasonableness of management's valuation inputs in respect of risk free rates and volatility;</li> <li>• Assessing the allocation of the share-based payment expense over the relevant vesting period; and</li> <li>• Assessing the adequacy of the related disclosures in the financial report.</li> </ul> |

### Other information

The directors are responsible for the other information. The other information comprises the information contained in annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

#### Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

#### Report on the Remuneration Report

##### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Azumah Resources Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

##### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO  


Phillip Murdoch  
Director

Perth, 25 September 2019

## ASX ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 September 2019.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

|   | Ordinary shares   |                    |
|---|-------------------|--------------------|
|   | Number of holders | Number of shares   |
| 1 - 1,000   | 157               | 78,549             |
| 1,001 - 5,000   | 612               | 1,944,153          |
| 5,001 - 10,000  | 423               | 3,541,670          |
| 10,001 - 100,000  | 1,248             | 49,584,174         |
| 100,001 and over  | 680               | 923,433,294        |
|   | <b>3,120</b>      | <b>978,581,840</b> |
| The number of shareholders holding less than a marketable parcel of shares are: | <b>1,457</b>      | <b>9,281,527</b>   |

### (b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

|  | Listed ordinary shares |                               |
|--|------------------------|-------------------------------|
|  | Number of shares       | Percentage of ordinary shares |
| 1 ZERO NOM PL                              | 174,201,951            | 17.82                         |
| 2 CAITLYN LTD                              | 54,952,416             | 5.62                          |
| 3 CITICORP NOM PL                          | 42,203,197             | 4.32                          |
| 4 KAOS INV PL                              | 37,000,000             | 3.79                          |
| 5 AUSDRILL INTNL PL                        | 36,629,810             | 3.75                          |
| 6 HSBC CUSTODY NOM AUST LTD                | 28,032,165             | 2.87                          |
| 7 HARPER DAVID                             | 16,046,445             | 1.64                          |
| 8 NATIONAL NOM LTD                         | 15,417,751             | 1.58                          |
| 9 MCCARTHY BRETT                           | 13,553,486             | 1.39                          |
| 10 TAYLOR FAM INV PL <TAYLOR FAM S/F A/C>  | 12,000,000             | 1.23                          |
| 11 WHITESMAN INV PL <WHITESMAN S/F A/C>    | 11,134,197             | 1.14                          |
| 12 BNP PARIBAS NOM PL <IB AU NOMS RETAILC> | 11,550,510             | 1.18                          |
| 13 LOCKWOOD RICHARD ARTHUR                 | 9,651,818              | 0.99                          |
| 14 HUTCHINS LEWIS D                        | 9,208,578              | 0.94                          |
| 15 GLADSTONE SUPER PL <GLADSTONE S/F A/C>  | 9,160,360              | 0.94                          |
| 16 J P MORGAN NOM AUST PL                  | 9,028,411              | 0.92                          |
| 17 ZENG QINGTAO                            | 8,381,099              | 0.86                          |
| 18 REDSTAR RES LTD                         | 7,521,875              | 0.77                          |
| 19 FENG DAWEI                              | 7,430,000              | 0.76                          |
| 20 *GOLDFIRE ENTPS PL                      | 7,209,092              | 0.74                          |
|  | <b>520,313,161</b>     | <b>53.25</b>                  |

Note: Nominee holders hold shares on behalf of a number of beneficial holders

### (c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

**(d) Substantial shareholders**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

|                                     | Number of Shares |
|-------------------------------------|------------------|
| IGIC Pte Ltd                        | 210,831,761      |
| Caitlyn Ltd                         | 54,952,416       |
| Agnivesh Agarwal <sup>(1)</sup>     | 54,952,416       |
| J P Morgan Nominees Australia Ltd   | 32,041,127       |
| HSBC Custody Nominees Australia Ltd | 24,568,324       |
| CDS & Co                            | 18,883,250       |
| Citicorp Nominees Pty Ltd           | 17,549,530       |

(1) Agnivesh Agarwal has a relevant interest in the shares held by Caitlyn Limited (Caitlyn) pursuant to section 608(3) Corporations Act 2001 (Cth) as the sole shareholder of Caitlyn.

**(e) Unquoted Securities**

| Class                                   | Number of Securities | Number of Holders | Holders of 20% or more of the class               |                      |
|---|----------------------|-------------------|---|----------------------|
|   |                      |                   | Holder Name                                       | Number of Securities |
| 3 cent options, expiry 30 June 2020     | 3,000,000            | 1                 | Cornerstone Advisors Pty Ltd                      | 3,000,000            |
| 3 cent options, expiry 31 January 2021  | 1,500,000            | 1                 | Joanna Longo                                      | 1,500,000            |
| 3 cent options, expiry 13 November 2021 | 45,000,000           | 5                 | Stephen Stone ATF <The Pearlstone Family Account> | 20,000,000           |
|   |                      |                   | Michael William Atkins                            | 10,000,000           |

**(f) Schedule of interests in mining tenements<sup>(i)</sup>**

| Location               | Tenement                  | Percentage held / earning |
|------------------------|---------------------------|---------------------------|
| Kunche, Ghana          | ML 10/1                   | 51.75 <sup>(ii)</sup>     |
| Julie, Ghana           | ML 10/5 <sup>(iii)</sup>  | 51.75 <sup>(ii)</sup>     |
| Collette, Loggo, Ghana | PL 10/4 <sup>(iii)</sup>  | 57.5                      |
| Julie near Du, Ghana   | PL 10/5 <sup>(iii)</sup>  | 57.5                      |
| Josephine, Du, Ghana   | PL 10/9 <sup>(iii)</sup>  | 57.5                      |
| Julie West, Ghana      | PL 10/13                  | Assignment                |
| Vapor, Ghana           | PL 10/12                  | 57.5                      |
| Basabli, Ghana         | PL 10/13                  | 57.5                      |
| Duri, Ghana            | PL 10/14                  | 57.5                      |
| Butele, Ghana          | PL 10/18                  | 57.5                      |
| Vapor West, Ghana      | PL 10/19                  | 57.5                      |
| Vapor South, Ghana     | PL 10/20                  | 57.5                      |
| Dorimon West, Ghana    | PL 10/35                  | 57.5                      |
| Tangasia, Ghana        | PL 10/36                  | 57.5                      |
| Zadong South, Ghana    | PL 10/37                  | 57.5                      |
| Dorimon, Ghana         | PL 10/38                  | 57.5                      |
| Vapor S/West, Ghana    | PL 10/39                  | 57.5                      |
| Lawra North, Ghana     | PL 10/41                  | 57.5                      |
| Tangasia North, Ghana  | PL 10/42                  | 28.75                     |
| Samoa S/West, Ghana    | PL 10/43 <sup>(iii)</sup> | 28.75                     |

(i) As announced to the ASX on 1 September 2017, Azumah executed an Earn-In and Shareholders Agreement (EISA) with private equity group Ibaera Capital GP Limited, which has resulted in Ibaera earning a 42.5% direct interest in Azumah's Wa Gold Project. On 11 September 2019, Ibaera agreed to sole fund

the next US\$2.25 million of expenditure on the Project to earn a further 4% interest so as to take its total interest in the Project to 46.5%. All tenements included in the table above are within the scope of the EISA.

- (ii) Ghana Government 10% Free Carried Interest (payable through dividends) and 5% Gross Royalty.
- (iii) Held by Phoenix Resources Ltd. All other tenements held by Azumah Resources Ghana Ltd.

Prospecting Licence (PL): A Prospecting Licence gives the holder the exclusive right to search for specific minerals (or commodities) by the conduct of geological and geophysical investigations and to determine the extent and economic value of any deposit within the licence area.