

ASX & Media Release

ASX Code – AZM

25th January 2016



www.azumahresources.com.au

Investment Highlights:

Wa Gold Project:

- Feasibility Study Completed
- 2.0Moz Mineral Resource including 1.3Moz Measured & Indicated
- 624,000oz Ore Reserves at 2.14 g/t plus 28,500oz 'mining inventory'
- Initial 7yr mine-life at +/- 90,000oz pa
- Excellent Infrastructure (grid power, water, established roads, airport)
- Mining Leases granted
- Exploration licenses of 2,800km² with >150km strike of prospective Birimian terrain.
- 19.9% strategic investment in neighbour, Castle Minerals Limited (~10,000km²)
- Board and management team of successful explorers, mining and corporate professionals

Issued Capital:

436.912M ordinary shares
17.20M performance rights
2.0M \$1.00 Converting Notes

Directors & Management:

Chairman:
Michael Atkins

Managing Director:
Stephen Stone

Non-Executive Directors:
Geoff M Jones
Bill LeClair

Company Secretary:
Dennis Wilkins

Contact:

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Activities Report

Quarter Ending 31st December 2015

Wa Gold Project, Ghana

Exploration

- ▶ Discovery at Manwe. First-pass RC drilling returns:
 - ▶ 14m @ 4.92 g/t from 48m (incl 6m @ 6.30g/t from 54m) and
 - ▶ 32m @ 2.10g/t from surface (incl 6m @ 4.46g/t from surface and 6m @ 3.57g/t from 20m)
 - ▶ Infill and extension drilling underway
- ▶ Duri results imminent from 57 hole, 2,291m aircore programme
- ▶ Piiri RC drilling to commence in coming weeks

Wa Gold Project

- ▶ GR Engineering to undertake formal capital and operating costs review to confirm and define material savings achievable in current more competitive environment
- ▶ Term sheet for an Upper West Region Development Agreement submitted to Ghana Government to secure Project fiscal concessions
- ▶ Environmental permitting process advancing
- ▶ Project funding and development discussions progressing with several international groups

Corporate

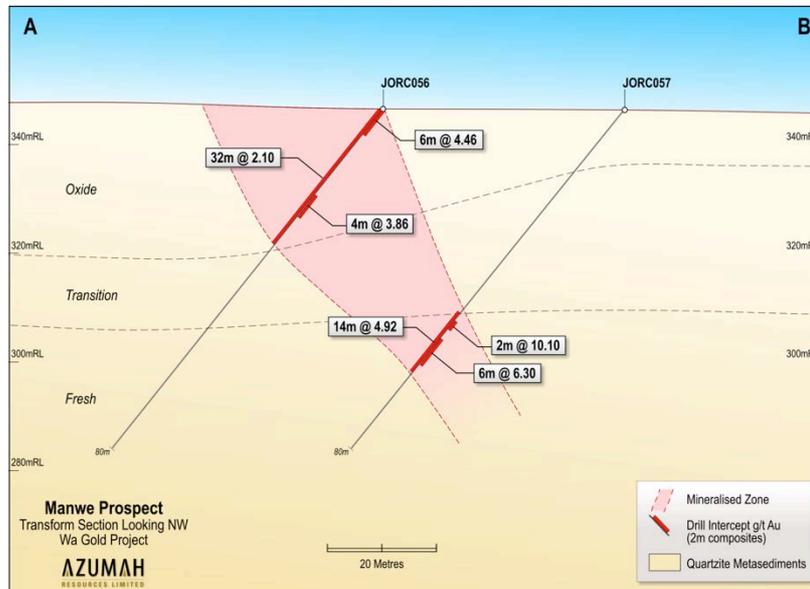
- ▶ \$1.79M working capital (excl. listed investment in Ghana neighbour, Castle Minerals Limited in which Azumah is a 15% shareholder)
- ▶ Two Azumah directors and a third Azumah nominated director / Company Secretary appointed to the Castle Board.
- ▶ Ownership of Castle increased to 19.9%.

Azumah Managing Director, Mr Stephen Stone, said on 19th January 2016:

"The near-surface, high-grade Manwe discovery is a tremendous start to 2016 and highlights the opportunity to materially lift the existing 2,000,000oz Mineral Resources and 624,000oz Ore Reserves within Azumah's expansive tenure".

"Infill and extension drilling at Manwe has already commenced and results are also awaited from just completed aircore drilling of a coherent 5km anomaly at Duri"

Figure 1: Manwe Prospect: First Pass RC Drilling Showing Broad Intercepts and Included Higher Grade Intervals (based on 2m composited sample intervals)



Perth-based gold explorer and developer Azumah Resources Limited (ASX:AZM) (“Azumah” or “the Company”) provides the following summary of progress made during the Quarter ended 31st December 2015 at its Wa Gold Project, northwest Ghana, West Africa (the “Project”).

EXPLORATION

Reverse circulation (RC) and aircore (AC) drilling programmes were implemented to test a number of advanced priority targets aimed at increasing Azumah’s Mineral Resources and Ore Reserves to support the ~90,000oz gold pa proposed operation over an initial seven years.

Manwe Discovery

High-grade interim results obtained from a recently completed first-pass, 11-hole, 865m RC drilling programme at the Manwe prospect confirmed another near-surface mineralisation discovery at the Project.

Best intercepts included:

- 14m at 4.92g/t Au from 48m (JORC057) incl:
 - 2m at 10.10g/t Au from 50m,
 - 6m at 6.30g/t Au from 54m, and
 - 2m at 10.90g/t Au from 56m
- 32m at 2.10g/t Au from surface (JORC056) incl:
 - 6m at 4.46g/t Au from surface, and
 - 6m at 3.57g/t Au from 20m
- 4m at 2.55g/t Au from 22m (JORC053)
- 4m at 2.67 g/t Au from 4m (JORC054)
- 2m at 4.15 g/t Au from 22m (JORC055)

(Based on 2m composited sample intervals) (Table 1, Figures 1,2 and 4, Appendix)

Manwe is located on the Josephine licence within the Wa East licence group and is 25km southwest of the Julie deposit and granted Mining Lease (834,000oz Mineral Resource; 202,000oz Ore Reserve)(Tables 1 and 2).

Drilling was designed to test bedrock mineralisation beneath an 800m coherent auger geochemistry anomaly which had returned some exceptional results of up to 5.48g/t Au and 2.76g/t Au. Rock chip samples had returned values of up to 3.1g/t Au (refer ASX release dated 8th December 2015).

Best intercepts were obtained on the most northerly drill section some 400m along strike from shallow artisanal miner workings.

The Manwe discovery mineralisation remains open along strike and down dip.

Mineralisation is interpreted to have shallow dip towards the northeast, though the geometry and geology of the prospect are not completely understood at this early stage.

Mineralised zones intersected are characterised by moderate to strong sericite/chlorite alteration with trace arsenopyrite-pyrite mineralisation. This occurs within intensely sheared quartzite with associated quartz veining as is also observed at the nearby workings.

The broader geology within the prospect is interpreted to be a metasedimentary-metavolcanic contact underlain by granite (granite was intercepted in holes JORC055 and JORC054).

An 18 hole, 1,460m follow-up infill and extension drilling programme has commenced.

Duri Drilling Programme

At **Duri**, 30km north of the proposed Kunche gold plant and the adjacent flagship Kunche-Bepkong deposits (Mineral Resources of 996,000oz and Ore Reserves of 422,000oz), a 57 hole 2,291m AC programme has just been completed to test for mineralisation along a 5km long coherent north-south trending bedrock geochemical anomaly (>10ppb) (Figure 3). Samples are being composited and prepared for delivery to the assay laboratory with results available in coming weeks.

The Duri target contains numerous highly anomalous values including 1,512ppb Au (1.51g/t Au), 246ppb Au, 230ppb Au and 133ppb Au. It is adjacent to the Duri granite and generally within a geological setting similar to that at Kunche-Bepkong and especially noting that Bepkong was discovered beneath transported overburden when a single 1.3g/t Au value was drill tested.

Piiri Drilling Programme

At **Piiri**, a 9 hole, 720m RC drilling programme to test beneath three strongly anomalous zones has been deferred to enable the drilling rig to be redeployed back to Manwe to undertake the immediate follow-up drilling.

WA GOLD PROJECT DEVELOPMENT

The Company continued to advance Project pre-development activities using the platform of the Feasibility Study ("Study") (refer ASX release dated 23rd March 2015) which confirmed a technically robust Project producing ~90,000oz per year over an initial seven years.

To enhance returns and to facilitate funding, Project capital and operating costs continue to be reviewed. A number of material savings have been identified reflecting increased competitiveness amongst equipment suppliers and service providers since the Study inputs were locked-in during August 2014.

A formal re-estimate of capital costs on the basis of the Study configuration will commence shortly. This will be undertaken by Perth based GR Engineering Services Limited which undertook the Study.

Several Project reconfiguration and construction options are also being evaluated.

Environmental permitting and community approval process progressing

As reported last Quarter, revised scoping reports for planned mining operations at both Kunche-Bepkong and Julie were submitted to the Ghana EPA and were advertised to obtain stakeholder feedback.

The revised scoping reports were necessary due to the expanded size of the operation at Julie where substantially larger mineral resources have been defined and for Kunche where the plant has been expanded and augmented with a flotation and regrind circuit to enhance Julie gold recoveries. A membrane lining of the tailings dam has also been added to comply with EPA requirements.

The feedback period is still open and once completed the responses obtained from the public consultation process will part determine the terms of reference given to the Company by the EPA for the finalisation of the EIS.

Azumah's wide community and stakeholder engagement programmes are continuing in parallel with the formal EPA permitting process.

Regional Development Agreement

Following consultation with specialist lawyers, various advisors, key Members of Parliament and other stakeholders, Azumah submitted to the Ghana Minister of Mines and Natural Resources a draft Term Sheet for an Upper West Region Development Agreement. Its purpose is to secure Project fiscal concessions that if obtained would materially reduce Project establishment costs and increase operating margins - thereby enhancing overall economics which will assist the securing of development finance and a development partner.

Project Financing

Azumah is continuing discussions with a range of international project finance, institutional and corporate groups to identify and develop funding options for the Project.

Several confidentiality agreements have been executed and access to Project data provided to enable parties to conduct due diligence. Some site visits have already been undertaken and further visits are scheduled.

CORPORATE

During the Quarter Azumah raised \$910,000 via a placement to private qualifying sophisticated investors of 39.6M new ordinary shares at a price of \$0.023.

As at 31st December 2015, Azumah had working capital of A\$1.79M and a 15% shareholding in Castle Minerals Limited ('Castle')(\$0.14M).

On 18th January 2016 Azumah nominated and had appointed three persons to the Castle Board being Azumah directors Michael Atkins and Stephen Stone and independent director Ian Hobson who was appointed Company Secretary. The incumbent directors resigned.

On 25th January 2016 Azumah increased its shareholding in Castle to 19.9% through a placement of 8,329,212 new ordinary shares at a price of \$0.009 each for a total consideration of \$74,962.91.

Further information about Castle can be found on its website at www.castleminerals.com or via the ASX.

NEXT QUARTER

In the March 2016 Quarter Azumah plans to:

- Complete infill and extension drilling at Manwe and plan the next phase of drilling;
- Receive and evaluate drilling results from the just competed Duri aircore programme and plan follow-up drilling;

- Undertake RC drilling at the Piiri prospect to test three zones of strong geochemical anomalism;
- Progress discussions with parties interested in participating in Project finance and development;
- Initiate a formal review of capital and operating costs by GR Engineering;
- Consider and assess alternative plant configuration options;
- Advance discussions with the Ghana Government on securing material fiscal concessions;
- Progress applications for EPA licences for the Kunche-Bepkong and Julia project sites;
- Evaluate with neighbour, Castle Minerals Limited, opportunities for cost reductions and exploration efficiencies leveraging Azumah's and Castle's Ghana infrastructure; and
- Maintain prudent control of expenditure.

For further information on Azumah Resources Limited and its Wa Gold Project please visit its website at www.azumahresources.com.au

Stephen Stone

Managing Director

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Figure 2: Manwe First-Pass RC Drilling Results, Auger and Rock Chip Sampling

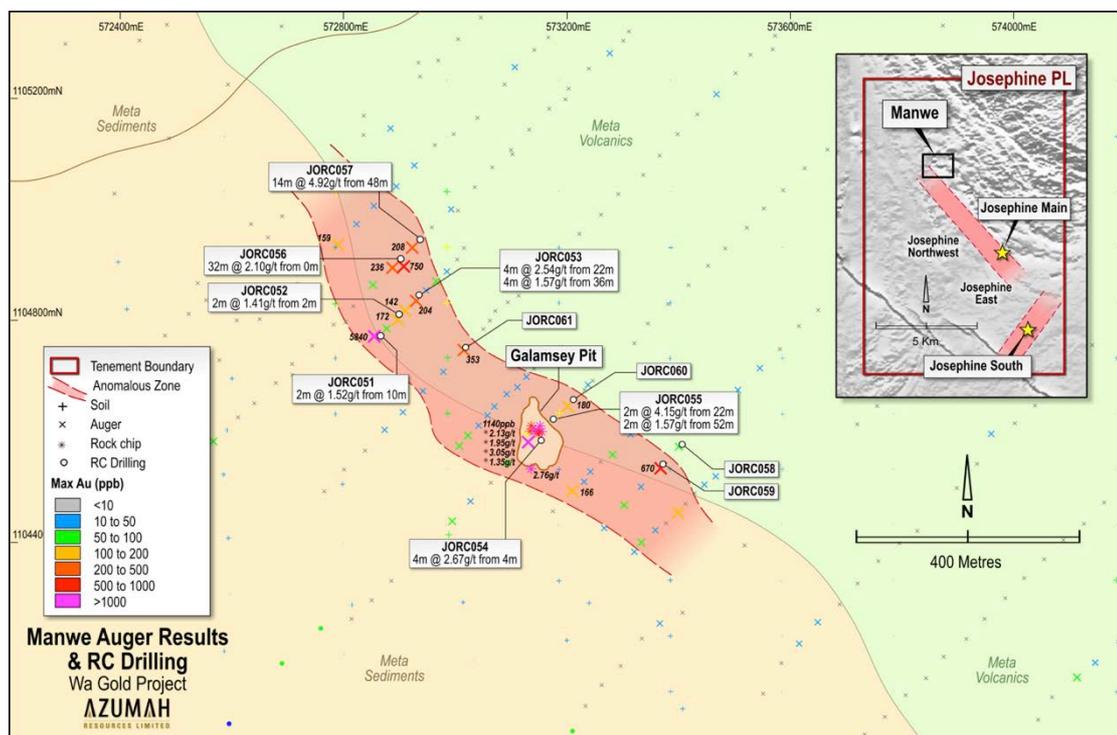
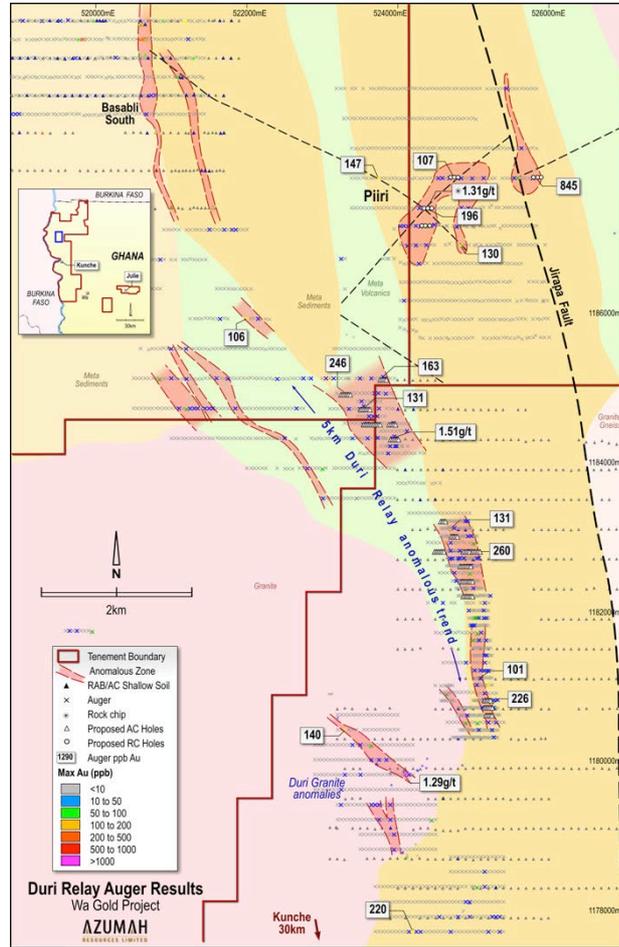
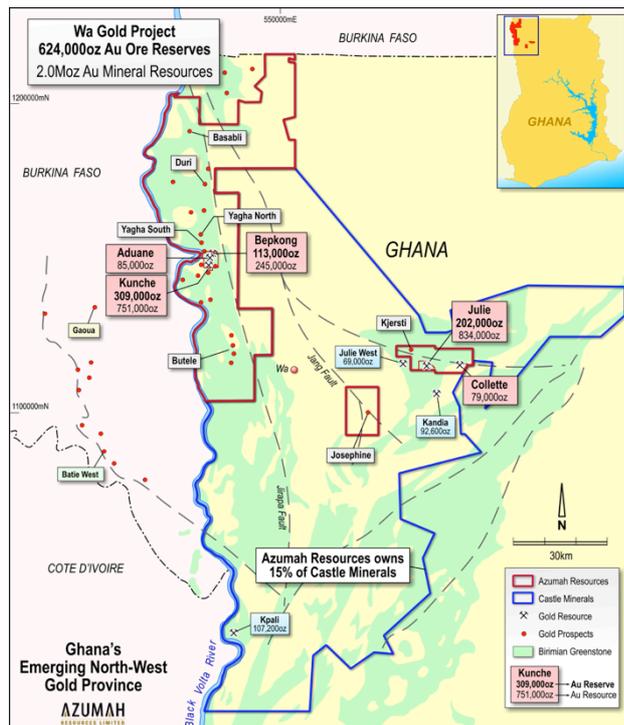


Figure 3: Duri Region Auger Sampling, Anomalous Zones, Completed Aircore and Proposed RC Drilling



Wa Gold Project – Key Deposits and Prospects



About Azumah

Azumah Resources Limited is a Perth-based, ASX-listed (ASX: AZM) company focused on exploring and developing its Wa Gold 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 ~80km to the east. Several satellite deposits, including Aduane and Collette, have also been delineated.

To date the Company has defined a JORC Mineral Resource of 2.0Moz of gold grading 1.5g/t Au including 1.3Moz Measured and Indicated grading 1.6g/t gold with these evenly distributed between Kunche-Bepkong and Wa East (Julie).

Mineral Resources have grown progressively through systematic exploration of the Company's 2,800km² licence holdings which encompass large tracts of prospective Birimian terrain, the rocks that host the majority of West Africa's gold mines. Azumah anticipates Mineral Resources will continue to grow through the systematic testing of its pipeline of specific targets, prospects and many areas of interest.

Azumah has recently completed a Feasibility Study for a mining operation based on an initial seven-year life and producing ~90,000oz Au per year from the open pit mining and treatment of ore through a nominal 1.2 million tonnes per year carbon-in-leach (CIL) processing plant (1.8Mtpa treating softer oxide material). The plant will be located adjacent to the Kunche deposit and incorporate a flotation and regrind circuit to treat Julie primary and some transitional ore which will be hauled by road to the processing plant.

A JORC Ore Reserve of 624,000oz Au (9.1Mt at 2.14g/t Au) has been defined based on recent studies. With the addition of Inferred mineralisation contained in designed and optimised pits the total Mining Inventory is 652,500oz gold. Extensive metallurgical test work has been undertaken to confirm a high average overall gold recovery of ~92% for the Kunche, Bepkong and Julie deposits.

Azumah has had two 15-year Mining Leases granted over its key deposits (Ghana government holds a 10% free carried interest in their 'rights and obligations' and is also entitled to a 5% gross gold royalty) and is now moving to obtain environmental operating permits necessary to allow development to proceed.

No technical, social or environmental impediments to development have been identified and there is strong support from stakeholders for the Project. Whilst the region has no other major industry, the Project benefits from excellent regional infrastructure including grid power to site, good quality bituminised and non-bituminised roads, good access to water, a sealed airstrip at the regional centre of Wa and good general communications.

Azumah holds a 15% interest in its neighbour and junior Ghana explorer, Castle Minerals NL which has ~10,000km² of licences adjacent to Azumah.

Systematic exploration the key to discovery in covered terrain

Azumah has established an excellent track-record of growing Mineral Resources. When it acquired the Project the Kunche target was an isolated, small outcropping anomaly within the Company's extensive tenure encompassing over 110km north-south strike of prospective Birimian terrain - the same rocks that host most of West Africa's major gold deposits. Kunche has since been developed into a 751,000oz Mineral Resource.

The 'blind' 245,000oz Bepkong discovery, 2km north of Kunche, and several other smaller but similarly obscured satellite deposits such as the 85,000oz Aduane Mineral Resource provide strong encouragement that other orebodies will be discovered to add to the 2.0Moz Mineral Resources and 652,500oz Mining Inventory that Azumah has already delineated (Tables 1 and 2).

The broad expanse, lack of outcrop, regolith complexity and already identified widespread anomalism create challenges as well as enormous opportunities that require a rigorous, systematic approach to exploration. Along with its counterparts in the region, including those in Burkina Faso, Mineral Resources of ~5Moz have now been discovered and there is undoubtedly much more to be identified.

Azumah's high-resolution aeromagnetic survey data plus remote sensing information and other regional datasets provide a backdrop for its exploration strategy. Areas of broad interest or known anomalism are then field assessed, mapped, ranked and where warranted subjected to several phases of auger sampling before being recommended for aircore and/or RC drilling.

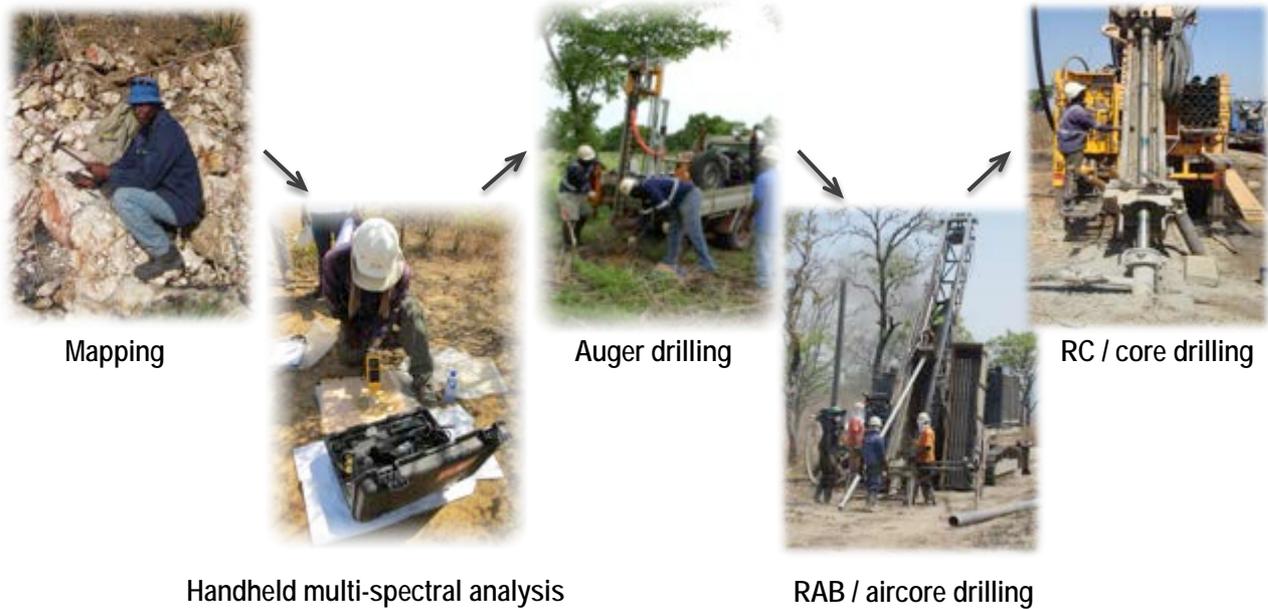


Table 1: Ore Reserves Summary - August 2014

Ore Reserves Summary							
(As at August 2014)	Proved		Probable		Total		Gold To Mill
	Tonnes (Mt)	Grade g/t Au	Tonnes (Mt)	Grade g/t Au	Tonnes (Mt)	Grade g/t Au	Oz Au
Kunche	4.91	1.92	0.05	3.11	4.97	1.94	309,000
Bepkong	1.79	1.84	0.11	1.97	1.90	1.85	113,000
Julie	0.29	2.45	1.93	2.89	2.21	2.84	202,000
Total	7.00	1.92	2.09	2.85	9.08	2.14	624,000

Values have been rounded

NB: The Ore Reserve excludes 28,000oz inferred gold deemed 'Mining Inventory'

Table 2: Mineral Resource Estimate - August 2014

Cut-off	Measured			Indicated			Inferred			Total		
	Tonnes (M)	Grade g/t Au	Gold Oz	Tonnes (M)	Grade g/t Au	Gold Oz	Tonnes (M)	Grade g/t Au	Gold Oz	Tonnes (M)	Grade g/t Au	Gold Oz
0.5 g/t Au	8.42	1.73	468,000	2.24	1.38	99,000	4.86	1.17	183,000	15.52	1.50	751,000
Kunche	8.42	1.73	468,000	2.24	1.38	99,000	4.86	1.17	183,000	15.52	1.50	751,000
Bepkong	2.22	1.79	128,000	1.70	1.33	73,000	1.17	1.17	44,000	5.09	1.49	245,000
Aduane							1.77	1.50	85,000	1.77	1.50	85,000
Julie	0.89	1.44	41,000	10.06	1.57	507,000	5.98	1.49	286,000	16.93	1.53	834,000
Collette							1.69	1.45	79,000	1.69	1.45	79,000
Total	11.52	1.72	637,000	14.00	1.51	679,000	15.47	1.36	677,000	40.99	1.51	1,994,000

Values have been rounded

Table 3: Change in Interests in Mining Tenements

Tenement reference and location	Interest at beginning of Quarter	Interest at end of Quarter
ML 10/1 Kunche	90%	90%*
ML 10/5 Julie	90%	90%*
PL 10/4 Collette, Loggo	100%	100%
PL 10/5 Julie near Du	100%	100%
PL 10/9 Josephine, Du	100%	100%
PL 10/12 Vapor	100%	100%
PL 10/13 Basabli	100%	100%
PL 10/14 Duri	100%	100%
PL 10/18 Butele	100%	100%
PL 10/19 Vapor West	100%	100%
PL 10/20 Vapor South	100%	100%
PL 10/35 Dorimon West	100%	100%
PL 10/36 Tangasia	100%	100%
PL 10/37 Zadong South	100%	100%
PL 10/38 Dorimon	100%	100%
PL 10/39 Vapor S/West	100%	100%
PL 10/40 Tangasia S/East	100%	100%
PL 10/41 Lawra North	100%	100%
PL 10/42 Tangasia North	100%	100%
PL 10/43 Samoa S/West	100%	100%
PL 10/44 Samoa South	100%	100%
PL 10/45 Samoa North	100%	100%
PL 10/46 Samoa	100%	100%

*Ghana 10% Free Carried Interest and 5% Gross Royalty

Competent Persons' Statements

The scientific and technical information in this report that relates to the geology of the deposits and exploration results is based on information compiled by **Mr Stephen Stone**, who is a full-time employee (Managing Director) of Azumah Resources Ltd. 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 is the Qualified Person overseeing Azumah's exploration projects and has reviewed and approved the disclosure of all scientific or technical information contained in this announcement that relates to the geology of the deposits and exploration results.

The scientific and technical information in this report that relates to the in-situ **Mineral Resource estimates for the Bepkong and Collette deposits** is based on information compiled by **Mr David Williams**, who is a geological consultant employed by CSA Global Pty Ltd. Mr Williams is a Member of the Australian Institute of Geoscientists and 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 Williams has reviewed and approved the disclosure of all scientific or technical information contained in this announcement that relates to the Bepkong and Collette Mineral Resource estimate.

The scientific and technical information in this report that relates to the in-situ **Mineral Resource estimates for the Kunche and Aduane deposits** is based on information compiled by **Mr Dmitry Pertel**, who a full-time employee (Manager - Resources) of CSA Global Pty Ltd. Mr Pertel is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pertel has reviewed and approved the disclosure of the relevant scientific or technical information contained in this announcement that relates to the Kunche and Aduane Mineral Resource estimates.

The scientific and technical information in this report that relates to **Mineral Resources estimates for the Julie deposit** is based on information compiled by **Mr Brian Wolfe**, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Wolfe is a consultant to Azumah Resources Limited and is not an employee of the Company. Mr Wolfe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Wolfe consents to the inclusion in the report of the Julie Mineral Resources in the form and context in which it appears.

The scientific and technical information in this report that relates to **Ore Reserves estimates for the Kunche, Bepkong and Julie deposits** is based on information compiled by **Mr Linton Kirk**, an independent consultant to Azumah Resources Limited. Mr Kirk is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Kirk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Kirk consents to the inclusion in the report of the matters related to the Ore Reserve estimate in the form and context in which it appears.

The scientific and technical information in this report that relates to **Process Metallurgy** is based on information compiled by **Mr Ian Thomas**, an independent process consultant to Azumah Resources Limited. Mr Thomas is a member of the Australasian Institute of Mining and Metallurgy. Mr Thomas has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Thomas consents to the inclusion in the report of the matters related to the metallurgy, specifically the data represented in Table 3 in ASX release dated 2nd September 2014, in the form and context in which it appears.

Forward-Looking Statement

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

Management believes that these assumptions are reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking information. Forward-looking information is based on estimates and opinions of management at the date the statements are made.