

ASX & Media Release

ASX Code – AZM

30th January 2017



www.azumahresources.com.au

Investment Highlights:

Wa Gold Project:

- Feasibility Study Completed
- 2.1Moz Mineral Resource including 1.4Moz (67%) Measured & Indicated
- 624,000oz Ore Reserve at 2.14 g/t Au
- Initial 7yr mine-life at +/- 90,000oz pa
- Excellent Infrastructure (grid power, water, established roads, airport)
- Mining Leases granted
- Exploration licenses of 2,400km² with >150km strike of prospective Birimian terrain.
- 16.5% strategic investment in Ghana neighbour, Castle Minerals Limited (~10,000km²)
- Board and management team of successful explorers, mining and corporate professionals

Issued Capital:

582.57M ordinary shares

Directors & Management:

Chairman:

Michael Atkins

Managing Director:

Stephen Stone

Non-Executive Directors:

Geoff M Jones

Bill LeClair

Company Secretary:

Dennis Wilkins

Contact:

Stephen Stone

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Activities Report

Quarter Ending 31st December 2016

Wa Gold Project, Ghana

“Recent exploration has delivered four discoveries of mineralisation at previously undrilled geochemical anomalies and all proximal to key infrastructure and deposits proposed for development. This reinforces the excellent gold endowment at Azumah’s regional-scale Wa Gold Project where it has already established a 2.1 million ounce Mineral Resource and 624,000oz Ore Reserve platform” said Azumah Managing Director, Mr Stephen Stone.

Summary of Activities

Exploration

- ▶ Completed 93-hole, 5,885m multi-target, aircore and RC drilling campaigns at high-priority targets (refer ASX releases dated 24th October and 12th December 2016).
- ▶ Delivered four discoveries proximal to main ore deposits and proposed mining infrastructure.
- ▶ Intersected 12m at 5.28g/t Au from 49m, 7m at 5.14g/t Au from surface, 9m at 3.64g/t Au from 55m and 8m at 2.53g/t Au from 70m in extension and infill drilling at the evolving **Manwe** discovery. This work also confirmed strike continuity over 200m and excellent depth upside.
- ▶ Discovered primary mineralisation over a strike of at least 200m at **Manwe South** and returned intercepts of 2m at 22.99g/t Au from 44m, 4m at 2.14g/t Au from 16m and 9m at 2.01g/t Au from 22m.
- ▶ Confirmed existing prospect **Josephine** as a consistently mineralised system over a strike of 400m and to a vertical depth of 130m where it remains open. All 19 holes intersected mineralisation with best intercepts including 10m at 7.43g/t Au from 97m (incl. 2m at 28.95g/t Au), 5m at 3.46g/t Au from 89m, 13m at 2.43g/t Au from 74m, 12m at 1.66g/t Au from 149m, 1m at 12.70g/t Au from 92m and 18m at 1.05g/t Au from 49m.
- ▶ Tested for and confirmed primary mineralisation at **Madam’s Farm**, a 1km line of artisanal workings with better intercepts including 2m at 3.29g/t Au from 32m and 4m at 2.20g/t Au from 34m.
- ▶ Identified new targets at recently acquired Julie West licence and obtained 3m at 9.78g/t Au from 12m in first-pass drilling at **Georgie** geochem target.
- ▶ Drill tested but obtained mediocre results from a low-order Yagha North geochemical anomaly and a high-risk Bepkong IP geophysics anomaly.
- ▶ Continued project-wide auger-based geochemical sampling programmes to identify, confirm or extend new targets.

Wa Gold Project Development

- ▶ Commenced update of water monitoring and community profiling information in accordance with EPA licencing process requirements and following successful public forums last Quarter.
- ▶ Reviewed production scheduling and plant throughput optimisation to enhance cash flows.
- ▶ Progressed Project funding and development joint venture discussions with interested several parties.

Corporate

- ▶ Retained 16.5% strategic shareholding in Ghana neighbour, Castle Minerals Limited.
- ▶ Received from Castle Minerals full repayment with interest of a \$250,000 Azumah loan (final payment was received on 9th January 2017).
- ▶ Retains working capital of ~\$1.8M and has 582.6M shares on issue as at the date of this Report (all remaining Performance Rights lapsed on 30th December 2016).
- ▶ Held an AGM on 22nd November 2016 with all Resolutions passed.

NEXT QUARTER

In the **March 2017** Quarter Azumah plans to:

Exploration:

- Review drilling results from all targets and plan follow-up programmes as warranted;
- Progress exploration at several other prospects within the Company's target pipeline; and
- Continue evaluating the newly acquired Julie West licence.

Wa Gold Project Development:

- Progress discussions with parties interested in Project financing and development co-participation;
- Advance discussions with the Ghana Government on securing material fiscal concessions (a new government was elected on 7th Dec 2016 with the New Patriotic Party lead by Nana Akufo-Addo replacing the National Democratic Congress); and
- Progress applications for EPA licences for the proposed Kunche-Bepkong and Julie Project sites.

Stephen Stone

Managing Director

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stone@azumahresources.com.au

References

All references to Mineral Resources and Ore Reserves pertain to ASX releases dated 2nd September 2014, 23rd March 2015 and 12th October 2016 respectively. Also refer to Tables 1 and 2 herein. The Company confirms that all material assumptions underpinning the production targets and forecast information continue to apply and have not materially changed other than a positive material reduction in capital costs (refer ASX release dated 9th May 2016). For further information on Azumah Resources Limited and its Wa Gold Project please visit its website at www.azumahresources.com.au which contains copies of all continuous disclosure documents to ASX, Competent Persons' Statements and Corporate Governance Statement and Policies.

About Azumah

Azumah Resources Limited is a Perth-based, ASX-listed (ASX:AZM) company focused on exploring and developing its regional scale 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 2012 Mineral Resource of **2.1Moz of gold grading 1.5g/t Au** including 1.4Moz Measured and Indicated grading 1.7g/t Au with these evenly distributed between Kunche-Bepkong and Wa East (Julie)(Table 2).

The Julie West licence, acquired from Castle Minerals Limited (ASX:CDT) (refer AZM ASX release dated 27th April 2016) hosts the Julie West and Danyawu prospects for which an update to JORC 2012 standard has confirmed for Julie West a Mineral Resource of 52,000oz Au Indicated and 4,000oz Au Inferred and for Danyawu a Mineral Resource of 13,000oz Au Inferred.

Mineral Resources have grown progressively through focused exploration of the Company's **2,400km²** 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 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.

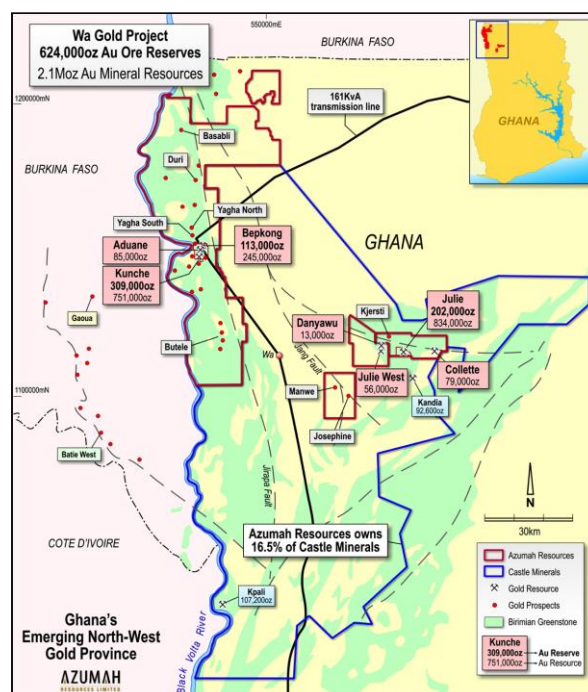
A JORC 2012 Ore Reserve of 624,000oz Au (9.1Mt at 2.14g/t Au) has been defined based on recently completed studies. The designed optimised pits also contain Inferred Resources of 28,000oz Au. Extensive metallurgical test work has been undertaken to confirm a high average overall gold recovery of **~92%** for the Kunche, Bepkong and Julie deposits (Table 1).

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.

No technical, social or environmental impediments to development have been identified, no communities need to be rehoused and there is a generally 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, easy access to water, a 2km sealed airstrip at the regional centre of Wa and good general communications.

Azumah holds a **16.5%** interest in its neighbour and junior Ghana explorer, **Castle Minerals NL** which has **~10,000km²** of licences adjacent to Azumah.

Wa Gold Project – Licences, Key Deposits and Prospects (Refer also to Tables 1 and 2)



Wa East Licences: Summary of Best RC Drilling Intercepts from Josephine, Manwe, Manwe South, Julie Far East, Kjersti, Madam’s Farm and Georgie (refer to Tables 1 and 2)

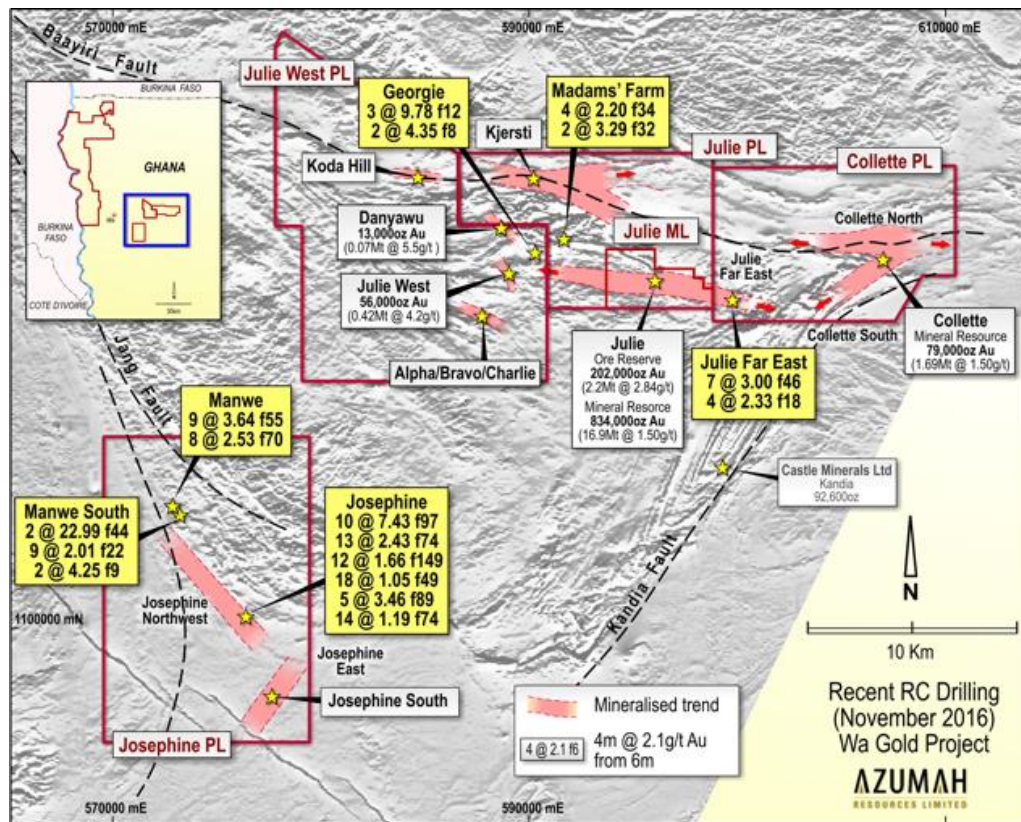


Table 1: Ore Reserves Summary – JORC Code 2012

	Proved		Probable		Total		Gold To Mill
	Tonnes (Mt)	Grade g/t Au	Tonnes (Mt)	Grade g/t Au	Tonnes (Mt)	Grade g/t Au	Gold oz
(As at August 2014)							
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 – JORC Code 2012 – Updated October 2016

Deposit	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
Kunche	8.42	1.7	468,000	2.24	1.4	99,000	4.86	1.2	183,000	15.52	1.5	751,000
Bepkong	2.22	1.8	128,000	1.70	1.3	73,000	1.17	1.2	44,000	5.09	1.5	245,000
Aduane							1.77	1.5	85,000	1.77	1.5	85,000
Julie	0.89	1.4	41,000	10.06	1.6	507,000	5.98	1.5	286,000	16.93	1.5	834,000
Julie West				0.38	4.2	52,000	0.03	4.0	4,000	0.41	4.2	56,000
Danyawu				0.07	5.5	13,000				0.07	5.5	13,000
Collette							1.69	1.5	79,000	1.69	1.5	79,000
Total	11.52	1.7	637,000	14.45	1.6	744,000	15.50	1.4	681,000	41.49	1.5	2,063,000

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.

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.

Statements of Competent Persons for the various Mineral Resource Estimates, Ore Reserve Estimates and Process Metallurgy can all be found on the Company's website at http://www.azumahresource.com.au/projects-competent_persons.php

Forward-Looking Statement

All statements other than statements of historical fact included on this website including, without limitation, statements regarding future 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 actually 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.

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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(979)	(1,454)
(b) development	-	-
(c) production	-	-
(d) staff costs	(93)	(200)
(e) administration and corporate costs	(125)	(281)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	9
1.5 Interest and other costs of finance paid	-	(40)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,194)	(1,966)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(19)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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	(53)	(53)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(53)	(72)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	4,047
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	-	(204)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(1,000)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	2,843

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,083	1,031
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,194)	(1,966)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(53)	(72)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	2,843
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,836	1,836

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	816	563
5.2 Call deposits	1,020	2,520
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,836	3,083*

* Excludes 31 December 2016 market value of listed equity investments of \$415,875.

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	119
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. Payments to related entities of the entity and their associates	Current quarter \$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	(53)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

During the quarter Azumah loaned \$250,000 to Castle Minerals Limited, of which \$197,000 was repaid during the quarter. Castle Minerals Limited is classified as an associate of Azumah. The loan facility to Castle is for \$250,000, repayable by 30 September 2017, with an interest rate of 8% per annum.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	200
9.2 Development	-
9.3 Production	-
9.4 Staff costs	100
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	450

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

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: 30 January 2017

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

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

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