

**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY STATEMENT**

**AND**

**PROXY FORM**

**Date of Meeting**  
13 November 2017

**Time of Meeting**  
1:00 pm

**Place of Meeting**  
Suite 2, 11 Ventnor Avenue  
WEST PERTH WA 6005

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

The **2017 Annual Report** may be viewed on the Company's website at [www.azumahresources.com.au](http://www.azumahresources.com.au)

**Notice is hereby given** that the **Annual General Meeting** of Shareholders of Azumah Resources Limited (**Company**) will be held at Suite 2, 11 Ventnor Avenue, West Perth, Western Australia on 13 November 2017 at 1:00 pm (**Meeting**) for the purpose of transacting the following business in each case, as more particularly described in the Explanatory Statement accompanying this Notice.

### **Financial Statements and Reports**

To receive and consider the annual financial report, together with the Directors' and Auditor's reports for the financial year ended 30 June 2017.

### **Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

*"That, for the purpose of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2017 Annual Report be adopted."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and

expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **Resolution 2 – Re-election of Mr Geoffrey Jones as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Geoffrey Jones retires by rotation as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director."*

### **Resolution 3 – Approval of 10% Placement Facility**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any Associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) to vote as the proxy decides.

#### **Resolution 4 – Renewal of Performance Rights Plan**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 7.2 Exception 9, as an exception to Listing Rule 7.1, section 260C(4) of the Corporations Act and for all other purposes, the Shareholders approve the Azumah Resources Limited Performance Rights Plan, the rules of which are summarised to the Explanatory Statement accompanying this Notice”.*

**Voting exclusion statement:** For the purposes of Listing Rule 7.2 exception 9, the Company will disregard any votes cast on this Resolution by a Director or an Associate of a Director unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

**Voting prohibition statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### **Resolution 5 – Approval of Grant of Options to Mr Stephen Stone**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Mr Stephen Stone, or his nominees, for nil consideration of 20,000,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 3 cents, expiring on 13 November 2021 and on the terms and conditions outlined in the Explanatory Statement and in Annexure A is hereby approved.”*

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 5 by Mr Stone and any of his Associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Voting Prohibition:** In accordance with the Corporations Act, a vote may not be cast (in any capacity) on Resolution 5 by or on behalf of Mr Stone or any of his Associates. This prohibition does not prevent the casting of a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Stone or any of his Associates.

#### **Resolution 6 – Approval of Grant of Options to Mr Michael Atkins**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr Michael Atkins, or his nominees, for nil consideration of 10,000,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 3 cents, expiring on 13 November 2021 and on the terms and conditions outlined in the Explanatory Statement and in Annexure A is hereby approved.”*

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 6 by Mr Atkins and any of his Associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Voting Prohibition:** In accordance with the Corporations Act, a vote may not be cast (in any capacity) on Resolution 6 by or on behalf of Mr Atkins or any of his Associates. This prohibition does not prevent the casting of a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Atkins or any of his Associates.

#### **Resolution 7 – Approval of Grant of Options to Mr Geoffrey Jones**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr Geoffrey Jones, or his nominees, for nil consideration of 5,000,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 3 cents, expiring on 13 November 2021 and on the terms and conditions outlined in the Explanatory Statement and in Annexure A is hereby approved.”*

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 7 by Mr Jones and any of his Associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Voting Prohibition:** In accordance with the Corporations Act, a vote may not be cast (in any capacity) on Resolution 7 by or on behalf of Mr Jones or any of his Associates. This prohibition does not prevent the casting of a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Jones or any of his Associates.

#### **Other Business**

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

## DEFINITIONS

For the purpose of Resolutions 1 to 7 and the Explanatory Statement accompanying this Notice, the following definitions apply:

"**10% Placement Facility**" has the meaning given in Section 7.1 of the Explanatory Statement;

"**10% Placement Period**" has the meaning given in Section 7.2(f) of the Explanatory Statement;

"**AGM**" means an annual general meeting;

"**Annual Report**" means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2017;

"**Associate**" has the same meaning as defined in section 11 and sections 13 to 17 of the Corporations Act;

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Auditor's Report**" means the auditor's report on the Financial Report;

"**Board**" means the board of Directors;

"**Chairman**" or "**Chair**" means the persons elected by the Directors to the office of Chairman from time to time in accordance with Company's Constitution;

"**Closely Related Party**" of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- a company the member controls; or
- a person prescribed by the Corporations Regulations 2001 (Cth);

"**Company**" means Azumah Resources Limited ABN 72 112 320 251;

"**Constitution**" means the Company's constitution, as amended from time to time;

"**Convertible Security**" means a security of the Company which is convertible into Shares;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Directors' Report**" means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

"**Equity Securities**" has the same meaning as in the Listing Rules;

"**Explanatory Statement**" means the explanatory statement accompanying this Notice;

"**Financial Report**" means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

"**Key Management Personnel**" has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

"**Listing Rules**" means the Listing Rules of ASX;

"**Meeting**" has the meaning in the introductory paragraph of the Notice;

"**Notice**" means this Notice of annual general meeting;

"**Proxy Form**" means the proxy form attached to this Notice;

"**Remuneration Report**" means the remuneration report of the Company contained in the Directors' Report;

**"Resolution"** means a resolution contained in this Notice;

**"Share"** means a fully paid ordinary share in the capital of the Company;

**"Shareholder"** means the holder of a Share;

**"Trading Day"** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

**"WST"** means Australian Western Standard Time.

Capitalised terms referred to in this Notice are defined in the Explanatory Statement.

Shareholders are referred to the Explanatory Statement for more information with respect to the matters to be considered at the Meeting.

## **PROXIES**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 1:00 pm WST on 11 November 2017 by:

- (i) facsimile to the Company at (08) 9481 4417 (International +61 8 9481 4477) or to Security Transfer Australia Pty Limited at (08) 9315 2233 (International: +61 8 9315 2233); or
- (ii) delivery to the registered office of the Company at Ground Floor, Suite 2, 11 Ventnor Avenue, West Perth, Western Australia 6005; or
- (iii) mail to the Company at PO Box 1153, West Perth, Western Australia 6872 or Security Transfer Australia Pty Ltd, PO Box 52, Collins Street, West Vic 8007

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

## **ENTITLEMENT TO VOTE**

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm WST on 10 November 2017 will be entitled to attend and vote at the AGM.

## **CORPORATIONS**

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

## **REVOCATION OF PROXIES**

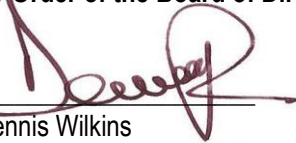
A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

## **VOTING OF PROXIES**

The Proxy Form accompanying this Explanatory Statement confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the time of printing management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

**By Order of the Board of Directors**



Dennis Wilkins  
Company Secretary  
Date: 9 October 2017



**AZUMAH RESOURCES LIMITED**  
**ABN 72 112 320 251**  
**EXPLANATORY STATEMENT**

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the matters set forth in the Notice for approval at the Meeting. The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision regarding the matters set forth in the Notice.

### **2017 Financial Statements**

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2017.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered a reasonable opportunity to:

- (a) discuss the Annual Report which is available online from the Company's website [www.azumahresources.com.au](http://www.azumahresources.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about:
  - (i) the preparation and content of the Auditor's Report;
  - (ii) the conduct of the audit;
  - (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, Shareholders may provide written questions to the Company's auditor if the question is relevant to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Annual Report to be considered at the AGM,

which may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

### **Resolution 1 – Remuneration Report**

#### **1.1 General**

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the Key Management Personnel.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2016 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2018 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

## **1.2 Voting on the Remuneration Report**

In accordance with the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies how the proxy is to vote on this Resolution; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

## **Resolution 2 – Re-election of Mr Geoffrey Jones as a Director**

### **2.1 General**

Mr Geoffrey Jones was appointed as Non-Executive Director on 20 October 2009. The Board considers Mr Jones to be an independent director.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the Director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Directors (other than the managing director) retire from office at each AGM.

Accordingly, Mr Geoffrey Jones will retire by rotation at this Meeting and, being eligible offers himself for re-election.

Resolution 2 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### **2.2 Director's Biography and Experience**

Mr Jones is a Fellow of the Institution of Engineers, Australia, with a Bachelor of Engineering (Civil) degree. He has over 30 years' experience in the evaluation, design, development, commissioning and operation of major resource projects in Australia and overseas, especially in Africa, including Ghana.

Mr Jones spent over six years as Group Project Engineer for ASX-listed Resolute Limited with responsibility for the successful development of its Obotan Gold Project in Ghana, Golden Pride Gold Project in Tanzania, as well as the Chalice and Bullabulling Gold Projects in Western Australia. For all of these projects, his involvement ranged from feasibility study preparation through to development, commissioning and start-up operations.

Mr Jones has operated his own project management and engineering consultancy, JMG Projects Pty Ltd, servicing the mining industry. In this capacity Mr Jones has completed works on gold and base metal projects for Australian and overseas based mining groups. Mr Jones is currently employed by GR Engineering Services Limited as Managing Director.

Mr Jones is also a director of GR Engineering Services Limited, Marindi Metals Limited (formerly Brumby Resources Limited) and Ausgold Limited.

### 2.3 Directors' Recommendation

All the Directors except Mr Jones who has an interest in this Resolution recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

## Resolution 3 – Approval of 10% Placement Facility

### 3.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company qualifies as an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

### 3.2 Description of Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an AGM, requiring a 75% majority vote to be cast.

#### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, being quoted Shares and unlisted Performance Rights.

#### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;

- (iii) plus the number of fully paid shares issued in the 12 months with shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

**D** is 10%;

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 699,079,149 Shares has a capacity to issue:

- (i) 104,861,872 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 3, 69,907,914 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days (on which trades in that class were recorded) immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

### **3.3 Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

### **3.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days (on which trades in that class were recorded) immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Convertible Securities, only if the Convertible Securities are converted into Shares). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of the Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a *pro rata* entitlements issue or scrip issued under a takeover offer), or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0105 50% decrease in Issue Price	\$0.021 Issue Price	\$0.042 100% increase in Issue Price
Current Variable A 699,079,149 Shares	10% voting dilution	69,907,914 Shares		
	Funds raised	\$734,033	\$1,468,066	\$2,936,132
50% increase in current Variable A 1,048,618,724 Shares	10% voting dilution	104,861,872 Shares		
	Funds raised	\$1,101,049	\$2,202,099	\$4,404,198
100% increase in current Variable A 1,398,158,298 Shares	10% voting dilution	139,815,829 Shares		
	Funds raised	\$1,468,066	\$2,936,132	\$5,872,264

**The table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

- (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of this Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Convertible Securities, it is assumed that those Convertible Securities are converted into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$0.021 being the closing price of Shares on the ASX on 19 September 2017
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) for cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects; and/or general working capital; so that the Company has the necessary working capital and flexibility to consider, and if thought fit, to put in a stronger position to make (or to secure the right to make) one or more acquisitions and/or to further its existing projects; or
  - (ii) non-cash consideration for the acquisition of (or securing the right to make acquisitions of) new projects and investments or to further its existing projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (g) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an Associate of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (h) The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its AGM held on 22 November 2016.

In accordance with Listing Rule 7.3A.6, the total number of Equity Securities issued in the 12 months preceding the date of this meeting is 116,513,192 representing 19.80% of the Equity Securities on issue at the commencement of the 12 month period.

The Company has issued the following Equity Securities in the 12 months preceding the date of this meeting:

Date of Issue	Number of Securities	Class	Issue Price	Discount to Market price	Total Consideration	Basis of allotment
7/9/2017	116,513,192	Ordinary Shares	\$0.02	20%	\$2,330,264	Pro rata Entitlements Issue

The Company has not yet spent any of the funds it has raised as a result of the issue of equity securities in the 12 months preceding the date of this Notice. It intends to spend the funds raised:

- (i) to advance exploration at the Company's Wa Gold Project in Ghana; and
  - (ii) for general working capital purposes.
- (i) A voting exclusion statement is included in the Notice.
- (j) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### **3.5 Directors' Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 3.

## **Resolution 4 - Renewal of Azumah Resources Limited Performance Rights Plan**

### **4.1 Introduction**

The Azumah Resources Limited Performance Rights Plan (**PRP**) was approved by Shareholders on 20 November 2014. The operation of exception 9(b) of Listing Rule 7.2 is such that the PRP requires approval of Shareholders every three years in order that the Company is able to avail itself of the benefits provided for in the Listing Rules. Accordingly, by this resolution your Directors are seeking that approval.

The PRP is an incentive plan which is designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward.

The Company wishes to continue to exempt issues of securities under the PRP from contributing towards the rolling annual limit of 15% of issued ordinary shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without shareholder approval. Shareholder approval of the PRP is sought under Listing Rule 7.2 Exception 9(b) whereby Shareholders may approve in advance the issue of securities made under an employee incentive scheme as an exception to the limit under Listing Rule 7.1.

### **4.2 Reasons for the PRP**

To achieve its corporate objectives, the Company needs to attract and retain its key staff.

Your Board believes that grants made to eligible employees under the PRP will provide a powerful tool to underpin the Company's employment strategy and that the implementation of the PRP will:

- (a) enable the Company to recruit and retain talented people needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the PRP ("Participants") with those of Shareholders; and
- (d) provide incentives to Participants to focus on superior performance that creates Shareholder value.

### 4.3 Outline of the PRP

#### *Participation*

The Board may from time to time in its absolute discretion offer Performance Rights to full or part-time employees of the Company (including Directors) or its subsidiaries who are declared by the Board to be eligible to receive grants of Performance Rights under the PRP ("**Eligible Employees**") ("**Offer**").

Performance Rights granted under the PRP expire a maximum of 5 years from the grant date.

#### *Offers to participate*

An Offer must set out the performance conditions to be met by the Eligible Employee ("**Performance Conditions**"), vesting, expiry and other similar terms attached to such Performance Rights. Unless the Board otherwise determines, no amount is payable on the grant of a Performance Right.

#### *Rules of the PRP*

Under the PRP, Performance Rights may be offered to Eligible Employees as determined by the Board. The vesting of Performance Rights will be subject to certain criteria.

The following is a summary of the key terms of the PRP:

- (a) Participation: The Board retains complete discretion to make offers of Performance Rights to any Eligible Employee.
- (b) No Transfer: Except on the death of a Participant, Performance Rights may not be transferred except with the prior written consent of the Board, and will lapse immediately if transferred.
- (c) Vesting: Each Performance Right issued to a Participant will vest on the date specified in the invitation. The vesting of a Performance Right under the PRP is conditional on the satisfaction of the Performance Conditions attaching to the Performance Right. Notwithstanding the foregoing, and subject to the Listing Rules:
  - (i) the Board may vest some or all of a Participant's Performance Rights even if a Performance Condition has not been satisfied, if the Board considers that to do so would be in the interests of the Company to do so; and
  - (ii) the vesting of a Participant's Performance Rights may be subject to such further conditions as determined by the board of directors of the Company.

Performance Rights may also vest if:

- (i) a takeover bid is made in respect of Shares; or
- (v) if a Court orders a meeting to be held in relation to a merger by way of scheme of arrangement or any person becomes bound or entitled to acquire shares in the Company under sections 414 or 6A of the Corporations Act.



- (d) Lapse: An unvested Performance Right will lapse on the earliest to occur of:
  - (i) the Performance Right lapsing in accordance with a provision of the PRP;
  - (ii) the applicable Performance Conditions (as defined in the PRP) not being achieved within any prescribed period; or
  - (iii) any date set out in an invitation by which it is stated that the Performance Right will automatically lapse.
- (e) Causes of Cessation of Entitlement. If a Participant ceases to be an employee of any the Company or its subsidiaries other than in those circumstances specifically referenced in rule 8.3 of the PRP, any Performance Rights granted to that Participant under the PRP will automatically lapse on the cessation of the Participant's employment.
- (f) 5% limit: The Board is not entitled to make an offer under the PRP if offers of Performance Rights (or other securities of the Company) under the PRP or under similar plans (excluding offers that do not require the use of a disclosure document) in the previous 5 years would exceed 5% of the issued capital in the Company.
- (g) Nature of Performance Rights: A Performance Right is a right to receive a Share on the terms set out in the PRP and the Offer. The Performance Conditions applicable to any performance period relating to Performance Rights shall be as set out in the Offer.
- (h) Amendment or termination of the PRP: The Board retains the discretion to amend the rules of the PRP or to suspend or terminate it at any time.
- (i) Amendments Without Shareholder Approval. The board of directors of the Company may amend the PRP at any time, provided that no such amendment may be made without obtaining any required regulatory approvals or require the approval of the shareholders of the Company pursuant to the PRP.
- (j) Amendments Requiring Shareholder Approval. The approval of Shareholders will be required for any amendment that:
  - (i) changes a Performance Condition of a Performance Right held by an Insider;
  - (ii) extends the expiry date of any Performance Right held by an Insider;
  - (iii) increases the number of Shares which may be issued upon vesting of Performance Rights granted under the Plan;
  - (iv) allows a Participant to transfer Performance Rights other than where the transfer is effected by force of law on death or bankruptcy of the Participant to the Participant's legal personal representative or trustee in bankruptcy, as applicable;
  - (v) would have the potential to broaden or increase Insider participation in the Plan;
  - (vi) extends the term of any outstanding Performance Right to a date beyond the latest vesting date currently stipulated in the Listing Rules;
  - (vii) increases in the maximum number of Shares permitted to be issued on the exercise of Performance Rights; or
  - (viii) amends the amending provisions contained in the PRP.
- (k) Compliance with Applicable Laws: Notwithstanding anything in the PRP, the terms of the Performance Rights granted under the Plan and all things done under the Plan must comply with all applicable requirements of the applicable laws, (which includes the Listing Rules, Corporations Act and the constitution of the Company, amongst others).

#### **4.4 Listing Rule Requirements**

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a summary of the rules of the PRP is set out above;
- (b) The PRP was previously approved by shareholders on 20 November 2014;
- (c) Since the PRP was previously approved by Shareholders on 20 November 2014, 13,200,000 Performance Rights have been issued under the PRP. There are no Performance Rights currently on issue under the PRP;
- (d) a voting exclusion statement has been included for the purposes of Resolution 4.

*Performance Rights will not be issued to Directors or other related parties without the prior approval of Shareholders in accordance with the Listing Rules.*

#### **Resolution 5 – Approval of Grant of Options to Mr Stephen Stone**

The Company proposes to grant 20,000,000 Options to Mr Stephen Stone, or his nominees, for nil consideration at an exercise price of 3 cents, expiring on 13 November 2021.

The full terms of the Options are set out in Annexure A to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price is \$0.03. In the event all the Options are exercised, Mr Stone (or his nominees) will need to pay a total of \$600,000 to the Company.

#### ***Related Party Transactions Generally***

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 5 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

#### ***The related party to whom the proposed Resolution would permit the financial benefit to be given***

Subject to Shareholder approval, the Options the subject of Resolution 5 will be granted to Mr Stone, or his nominees, within one month of the passing of this Resolution. Mr Stone is a Director of the Company and is therefore classified as a related party.

#### ***The nature of, reasons for and basis for the financial benefit***

The proposed financial benefit is the grant of 20,000,000 options to Mr Stone, or his nominees, for no issue price. Each Option will allow Mr Stone to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 3 cents per share and expire on 13 November 2021.

The Options form part of Mr Stone's incentive for continuing and future efforts. The issue of Options to Mr Stone is subject to Resolution 5 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Stone is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date

of this Notice, and the average Share price as traded since listing, the Options represent an incentive to Mr Stone to achieve this increase in the Share price, which would result in an increase in Shareholder value.

**Directors' recommendation**

All directors except Mr Stone recommend Shareholders vote in favour of Resolution 5. Mr Stone does not wish to make a recommendation about the proposed Resolution 5 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

**Interests of Directors**

Mr Stone has noted his interest in the approval of Resolution 5 in relation to the Options.

**Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers**

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 20,000,000 Options to Mr Stone, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Stone, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

**Table 1 - Details of Director Options**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Stephen Stone	Director	20,000,000	3 cents per share	13 November 2021	At date of allotment	\$174,000

**Option Valuation details**

Details	Input
Share price	\$0.02
Exercise Price	\$0.03
Risk Free Rate	2.06%
Volatility (Annualised)	69.37%
Start Date	13 November 2017
Expiry Date	13 November 2021
<b>Value per Option</b>	<b>\$0.0087</b>

- (e) The Black-Scholes Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant. However, the Directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued. The theoretical fair value of the options will be influenced by the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations of buyers and sellers of such instruments, the impact of which are ignored in the Black-Scholes Option Pricing Model.

- (f) As at the date of this Notice, the issued capital of the Company comprised 699,079,149 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

Shares	699,079,149
Options to be granted	20,000,000
<b>New Total</b>	<b>719,079,149</b>
Dilutionary effect	2.86%

- (g) Mr Stone's current interests in securities of the Company are set out in the table below:

<b>Director</b>	<b>Shareholding</b>	<b>Option holding</b>
Stephen Stone	11,696,725	Nil

- (h) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (i) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since January 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 1.8 cents to 4.5 cents, the most recent closing price prior to the date of this Notice was 2 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (j) Mr Stone currently receives a salary of \$300,000, inclusive of superannuation.
- (k) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Mr Stone or his nominees pursuant to Resolution 5.
- (l) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

### **Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Stone (or his nominees).
- (b) The maximum number of Options to be issued to Mr Stone (or his nominees) is 20,000,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of 3 cents per share and expire on 13 November 2021.
- (e) The Options will be issued on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

### **Resolution 6 – Approval of Grant of Options to Mr Michael Atkins**

The Company proposes to grant 10,000,000 Options to Mr Michael Atkins, or his nominees, for nil consideration at an exercise price of 3 cents, expiring on 13 November 2021.

The full terms of the Options are set out in Annexure A to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price is \$0.03. In the event all the Options are exercised, Mr Atkins (or his nominees) will need to pay a total of \$300,000 to the Company.

#### ***Related Party Transactions Generally***

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 5 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

#### ***The related party to whom the proposed Resolution would permit the financial benefit to be given***

Subject to Shareholder approval, the Options the subject of Resolution 6 will be granted to Mr Atkins, or his nominees, within one month of the passing of this Resolution. Mr Atkins is a Director of the Company and is therefore classified as a related party.

#### ***The nature of, reasons for and basis for the financial benefit***

The proposed financial benefit is the grant of 10,000,000 options to Mr Atkins, or his nominees, for no issue price. Each Option will allow Mr Atkins to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 3 cents per share and expire on 13 November 2021.

The Options form part of Mr Atkins's incentive for continuing and future efforts. The issue of Options to Mr Atkins is subject to Resolution 6 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Atkins is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded since listing, the Options represent an incentive to Mr Atkins to achieve this increase in the Share price, which would result in an increase in Shareholder value.

#### ***Directors' recommendation***

All directors except Mr Atkins recommend Shareholders vote in favour of Resolution 6. Mr Atkins does not wish to make a recommendation about the proposed Resolution 6 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

#### ***Interests of Directors***

Mr Atkins has noted his interest in the approval of Resolution 6 in relation to the Options.

**Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers**

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 10,000,000 Options to Mr Atkins, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Atkins, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

**Table 1 - Details of Director Options**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Michael Atkins	Director	10,000,000	3 cents per share	13 November 2021	At date of allotment	\$87,000

**Option Valuation details**

Details	Input
Share price	\$0.02
Exercise Price	\$0.03
Risk Free Rate	2.06%
Volatility (Annualised)	69.37%
Start Date	13 November 2017
Expiry Date	13 November 2021
<b>Value per Option</b>	<b>\$0.0087</b>

- (e) The Black-Scholes Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant. However, the Directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued. The theoretical fair value of the options will be influenced by the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations of buyers and sellers of such instruments, the impact of which are ignored in the Black-Scholes Option Pricing Model.
- (f) As at the date of this Notice, the issued capital of the Company comprised 699,079,149 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

Shares	699,079,149
Options to be granted	10,000,000
<b>New Total</b>	<b>709,079,149</b>
Dilutionary effect	1.43%

- (g) Mr Atkins' current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
Michael Atkins	2,642,061	Nil

- (h) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (i) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since January 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 1.8 cents to 4.5 cents, the most recent closing price prior to the date of this Notice was 2 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (j) Mr Atkins currently receives a salary of \$75,000, plus superannuation.
- (k) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Mr Atkins or his nominees pursuant to Resolution 6.
- (l) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

#### **Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Atkins (or his nominees).
- (b) The maximum number of Options to be issued to Mr Atkins (or his nominees) is 10,000,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of 3 cents per share and expire on 13 November 2021.
- (e) The Options will be issued on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

#### **Resolution 7 – Approval of Grant of Options to Mr Geoffrey Jones**

The Company proposes to grant 5,000,000 Options to Mr Geoffrey Jones, or his nominees, for nil consideration at an exercise price of 3 cents, expiring on 13 November 2021.

The full terms of the Options are set out in Annexure A to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price is \$0.03. In the event all the Options are exercised, Mr Jones (or his nominees) will need to pay a total of \$150,000 to the Company.

### ***Related Party Transactions Generally***

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (c) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (d) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 7 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

#### ***The related party to whom the proposed Resolution would permit the financial benefit to be given***

Subject to Shareholder approval, the Options the subject of Resolution 7 will be granted to Mr Jones, or his nominees, within one month of the passing of this Resolution. Mr Jones is a Director of the Company and is therefore classified as a related party.

#### ***The nature of, reasons for and basis for the financial benefit***

The proposed financial benefit is the grant of 5,000,000 options to Mr Jones, or his nominees, for no issue price. Each Option will allow Mr Jones to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 3 cents per share and expire on 13 November 2021.

The Options form part of Mr Jones' incentive for continuing and future efforts. The issue of Options to Mr Jones is subject to Resolution 7 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Jones is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded since listing, the Options represent an incentive to Mr Jones to achieve this increase in the Share price, which would result in an increase in Shareholder value.

#### ***Directors' recommendation***

All directors except Mr Jones recommend Shareholders vote in favour of Resolution 7. Mr Jones does not wish to make a recommendation about the proposed Resolution 7 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

#### ***Interests of Directors***

Mr Jones has noted his interest in the approval of Resolution 7 in relation to the Options.

#### ***Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers***

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 5,000,000 Options to Mr Jones, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Jones, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.



**Table 1 - Details of Director Options**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Geoffrey Jones	Director	5,000,000	3 cents per share	13 November 2021	At date of allotment	\$43,500

**Option Valuation details**

Details	Input
Share price	\$0.02
Exercise Price	\$0.03
Risk Free Rate	2.06%
Volatility (Annualised)	69.37%
Start Date	13 November 2017
Expiry Date	13 November 2021
<b>Value per Option</b>	<b>\$0.0087</b>

- (e) The Black-Scholes Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant. However, the Directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued. The theoretical fair value of the options will be influenced by the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations of buyers and sellers of such instruments, the impact of which are ignored in the Black-Scholes Option Pricing Model.
- (f) As at the date of this Notice, the issued capital of the Company comprised 699,079,149 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

Shares	699,079,149
Options to be granted	5,000,000
<b>New Total</b>	<b>704,079,149</b>
Dilutionary effect	0.72%

- (g) Mr Jones' current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
Geoffrey Jones	559,092	Nil

- (h) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.

- (i) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since January 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 1.8 cents to 4.5 cents, the most recent closing price prior to the date of this Notice was 2 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (j) Mr Jones currently receives a salary of \$41,250, plus superannuation.
- (k) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Mr Jones or his nominees pursuant to Resolution 7.
- (l) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

**Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Jones (or his nominees).
- (b) The maximum number of Options to be issued to Mr Jones (or his nominees) is 5,000,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of 3 cents per share and expire on 13 November 2021.
- (e) The Options will be issued on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

**OTHER BUSINESS**

Management is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice.

## ANNEXURE A

### TERMS AND CONDITIONS OPTIONS EXPIRING 13 NOVEMBER 2021

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option is 3 cents ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Azumah Resources Limited ABN 72 112 320 251 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 13 November 2021 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
13. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
14. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

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# AZUMAH RESOURCES LIMITED

ACN: 112 320 251

REGISTERED OFFICE:

UNIT 2  
11 VENTNOR AVENUE  
WEST PERTH WA 6005

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52

Collins Street West VIC 8007

Suite 913, Exchange Tower

530 Little Collins Street

Melbourne VIC 3000

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»

«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

Code:

AZM

Holder Number:

«HOLDER\_NUM

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit other than resolution 6\*) at the Annual General Meeting of the Company to be held at 1:00pm WST on Monday 13 November 2017 at Suite 2, 11 Ventnor Ave West Perth and at any adjournment of that meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions other than resolution 6\*. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

#### RESOLUTION

1. Adoption of Remuneration Report<sup>+</sup>

2. Re-election of Mr Geoffrey Jones as a Director

3. Approval of 10% Placement Facility

4. Renewal of Performance Rights Plan<sup>+</sup>

5. Approval of Grant of Options to Mr Stephen Stone

6. Approval of Grant of Options to Mr Michael Atkins\*

7. Approval of Grant of Options to Mr Geoffrey Jones

\* The Chairperson may only vote DIRECTED proxies on Resolution 6. If no directions are given, your vote will not be cast on Resolution 6.

+ If no directions are given on Resolution 1 and 4, you expressly authorise the Chairperson to exercise your proxy

If no directions are given my proxy may vote as the proxy thinks fit or may abstain (other than resolution 6\*). If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 1:00pm WST on Saturday 11 November 2017.

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AZMPX1131117

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My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

### 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

### 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

#### Security Transfer Australia Pty Ltd

**Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Postal Address** PO BOX 52  
Collins Street West VIC 8007

**Street Address** Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**Telephone** 1300 992 916

**Facsimile** +61 8 9315 2233

**Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

