

# AZUMAH RESOURCES LIMITED

## ACN 112 320 251

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### ENTITLEMENT ISSUE PROSPECTUS

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For a fully underwritten non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.02 per Share to raise \$2,330,263 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**). Refer to Section 9.1 for details regarding the terms of the Underwriting Agreement.

#### IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Mr Michael Atkins (Non-Executive Chairman)  
Mr Stephen Stone (Managing Director)  
Mr Geoffrey Jones (Non-Executive Director)  
Mr William LeClair (Non-Executive Director)

### Company Secretary

Mr Dennis Wilkins

### Share Registry\*

Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross, WA 6153

Telephone: 1300 992 916 (Australia)  
+61 3 9628 2200 (International)  
Facsimile: +61 8 9315 2233

Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)  
Website: [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, WA 6008

### Registered Office

Suite 2  
11 Ventnor Ave  
West Perth, WA 6005

Telephone: +61 (08) 9486 7911  
Facsimile: +61 (08) 9481 4417

Email: [info@azumahresources.com.au](mailto:info@azumahresources.com.au)  
Website: [www.azumahresources.com](http://www.azumahresources.com)

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

Allion Legal\*  
Level 9  
863 Hay Street  
Perth WA 6000

### Underwriter and Lead Manager

Patersons Securities Limited  
Level 23, Exchange Tower  
2 The Esplanade  
Perth WA 6000

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## 2. TIMETABLE

Event	Date
Lodgement of Prospectus with the ASIC	10 August 2017
Lodgement of Prospectus & Appendix 3B with ASX	11 August 2017
Notice sent to Shareholders	14 August 2017
Ex-date	15 August 2017
Record Date for determining Entitlements	5:00pm (WST) on 16 August 2017
Prospectus sent out to Shareholders	18 August 2017
Last day to extend Offer	29 August 2017
Closing Date of Offers*	5:00pm (WST) on 1 September 2017
Shares quoted on a deferred settlement basis	4 September 2017
ASX notified of under subscriptions	6 September 2017
Issue date of Shares under the Offer Shares entered into Shareholders' security holdings	8 September 2017
Quotation of Shares issued under the Offer*	11 September 2017

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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### 3. IMPORTANT NOTES

This Prospectus is dated 10 August 2017 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted via the Entitlement and Acceptance Form for Eligible Shareholders or via the Shortfall Application Form for other investors.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### 3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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#### 4. CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Directors of Azumah Resources Limited, I am pleased to advise the Company is currently conducting a fully underwritten capital raising.

The raising will be via a non-renounceable rights issue to raise approximately \$2.3 million, on the basis of one new Share for every five Shares you hold on the Record Date at an issue price of \$0.02 per New Share. The attached Prospectus sets out further detail.

The Company has appointed Patersons Securities Limited as Lead Manager and Underwriter.

In addition to the Offer, Eligible Shareholders will be given the opportunity to apply for additional shares from the Shortfall (if any) at the discretion of the Underwriter.

This Offer is being made at a time when the Board's view on the underlying value of the Company's mineral assets is being endorsed by Perth managed private equity group, Ibaera Capital GP Limited (**Ibaera**), which has entered into a binding Term Sheet enabling it, subject to due diligence and the satisfaction of various conditions precedent prior to 31 August 2017, to earn in two stages up to a 47.5% interest in the Company's Wa Gold Project in Ghana, West Africa (**Project**) for an expenditure over two years of up to US\$13.5 million (~A\$17M) (**Terms Sheet**).

Proceeds received from the Rights Issue will enable Azumah to maintain a strong balance sheet and to provide working capital to meet its continuing in-country obligations and general operating expenses. Your Directors consider it essential to maintain a strong financial position pending commencement of Ibaera's exploration, resource and reserve generation activities pursuant to the Term Sheet.

Azumah has established a very solid platform upon which to strengthen its position with respect to Mineral Resources and Ore Reserves and to pursue its plans to develop a mining operation. On behalf of the Directors we encourage your participation in the Offer and Azumah's next phase of growth.

Please consider this document carefully and seek professional advice, if necessary, to make an informed decision. All investors should be aware of the very speculative nature of mineral exploration and mining and be particularly mindful of the risks of an investment in Azumah.

Yours faithfully

**Michael Atkins**  
**Non-Executive Chairman**

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## 5. DETAILS OF THE OFFER

### 5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.02 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a total of 116,513,192 Shares will be issued pursuant to this Offer to raise \$2,330,263.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 6 of this Prospectus.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### 5.2 Minimum subscription

The minimum subscription is the full subscription under this Offer, being \$2,330,263.

### 5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form, unless you intend to apply for additional Shares under the Shortfall Offer (refer to Sections 5.3(b) and 5.8 for further information), in which case the additional Shares applied for will be deemed to be an application for Shares under the Shortfall Offer.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
  - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; and
- (b) if you wish to apply for **additional** shares after accepting your full Entitlement in accordance with 5.3(a), then:
  - (i) fill in the number of additional Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
  - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies; or

- (c) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
  - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### 5.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Azumah Resources Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 3:00 pm (WST) on the Closing Date.

#### 5.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

#### 5.6 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter. Refer to Section 9.1 of this Prospectus for details of the terms of the underwriting.

#### 5.7 Effect on control of the Company and potential dilution to Shareholders

The Underwriter is not presently a shareholder of the Company nor a related party of the Company for the purposes of the Corporations Act.

The Underwriter has entered into a sub-underwriting agreement with Windamura Pty Ltd ATF The Atkins Superannuation Fund, an entity controlled by the Company's Chairman, Mr Atkins, to sub-underwrite 1,763,191 Shares (\$35,263), which equates to 0.25% of the issued capital on completion of the Offer. The maximum potential increase in voting power of Mr Atkins on completion of the Offer is as follows:

Director	Existing Shares	Entitlement Shares	Sub-Underwritten Shares	Current Voting %	Voting Post Offer % <sup>1</sup>
Michael Atkins	1,350,000	270,000	1,763,191	0.23%	0.48%

#### Notes

1. This figure assumes that (i) all Shares and Shortfall Shares are issued pursuant to the Offer; (ii) Mr Atkins has taken up his Entitlement and (iii) that Mr Atkins is obliged to subscribe for all of his respective sub-underwritten Shares pursuant to his sub-underwriting agreement. However, the obligation to subscribe for sub-underwritten Shares will reduce to the extent that the Shareholders take up their Entitlements under the Offer.
2. Any application made by Mr Atkins for any of his Entitlements pursuant to the Offer will not be permitted to be applied in relief of, or be offset against, any amount that may be subsequently due pursuant to the sub-underwriting commitment.

The Underwriter is not presently a shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below:

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0.00%
<b>Completion of Entitlement Issue:</b>		
Fully subscribed	Nil	0.00%
75% subscribed	29,128,298	4.17%
50% subscribed	58,256,596	8.33%
25% subscribed	87,384,894	12.50%
0% subscribed	116,513,192	16.67%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by Shareholders. Furthermore, the voting power of the Underwriter will also be reduced to the extent that sub-underwriters take up any Shortfall.

The Company and the Underwriter have confirmed that no sub-underwriter nor existing Shareholder of the Company will increase its shareholding to above 19.99% as a result of the Offer.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.67% (as compared to their holdings

and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below with varying holdings of number of shares is set out for illustrative purposes:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer if not taken up
Shareholder 1	50,000,000	8.58%	10,000,000	50,000,000	7.15%
Shareholder 2	25,000,000	4.29%	5,000,000	25,000,000	3.58%
Shareholder 3	10,000,000	1.72%	2,000,000	10,000,000	1.43%
Shareholder 4	5,000,000	0.86%	1,000,000	5,000,000	0.72%
Shareholder 5	1,000,000	0.17%	200,000	1,000,000	0.14%

**Notes:**

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage. Percentages post-Offer have been calculated on the basis of there being 699,079,149 Shares on issue on completion of the Offer. Refer to Section 6.4 for further details of the Company's capital structure.

## 5.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.02 being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for additional Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shares using BPAY® (refer to Section 5.3(b) above). Whilst the Underwriter will endeavour to give Eligible Shareholders priority under the Shortfall Offer, the Shortfall to the Offer is to be issued at the absolute discretion of the Underwriter and as such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders.

## 5.9 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## 5.10 Issue

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued in accordance with the Underwriting Agreement. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

## 5.11 Overseas shareholders

This Prospectus is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand and Mauritius.

### ***New Zealand***

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Mauritius***

In accordance with The Securities Act 2005 of Mauritius, no offer of the Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly, this offer is being made on a private placement basis only and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial

Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of the Company.

### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **5.12 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

## **5.13 Enquiries**

Any questions concerning the Offer in regard to acceptance or other shareholder related matters should be directed to Security Transfer Australia, on 1300 992 916 (within Australia) or +61 (03) 9268 2200 (outside Australia).

Questions regarding the Company or its operations should be directed to the Company on +61 (08) 9486 7911 or by email at [info@azumahresources.com.au](mailto:info@azumahresources.com.au).

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## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise \$2,330,263.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Exploration Costs <sup>1</sup>	\$1,456,933	62.52%
2.	Acquisition Costs <sup>2</sup>	\$250,000	10.73%
3.	Expenses of the Offer <sup>3</sup>	\$223,330	8.86%
4.	Working capital	\$400,000	17.17%
	<b>Total</b>	<b>\$2,330,263</b>	<b>100.00%</b>

#### Notes:

1. These funds will be applied towards operating commitments at the Company's Wa Gold Project, Ghana.
2. These funds will be applied towards completion of the acquisition of the Julie West Prospecting Licence.
3. Refer to Section 10.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above tabled expenditures represent a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, will be to:

- (a) increase the cash reserves of the Company by \$2,106,934 (after deducting the estimated \$223,330 of expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 582,565,957 as at the date of this Prospectus to 699,079,149 Shares following the completion of the Offer.

### 6.3 Pro-forma consolidated balance sheet

The unaudited balance sheet as at 30 June 2017 and the unaudited pro-forma balance sheet as at 30 June 2017 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 30 June 2017	PROFORMA 30 June 2017
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	770,912	2,877,846
Trade and other receivables	161,563	161,563
<b>TOTAL CURRENT ASSETS</b>	<b>932,475</b>	<b>3,039,409</b>
<b>NON-CURRENT ASSETS</b>		
Investments accounted for using the equity method	120,100	120,100
Property, plant and equipment	1,646,983	1,646,983
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,767,083</b>	<b>1,767,083</b>
<b>TOTAL ASSETS</b>	<b>2,699,558</b>	<b>4,806,492</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	645,643	645,643
<b>TOTAL CURRENT LIABILITIES</b>	<b>645,643</b>	<b>645,643</b>
<b>TOTAL LIABILITIES</b>	<b>645,643</b>	<b>645,643</b>
<b>NET ASSETS</b>	<b>2,053,915</b>	<b>4,160,849</b>
<b>EQUITY</b>		
Contributed equity	103,361,606	105,520,403
Reserves	5,677,983	5,677,983
Accumulated losses	(106,985,674)	(107,037,537)
<b>TOTAL EQUITY</b>	<b>2,053,915</b>	<b>4,160,849</b>

#### 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

## Shares

	Number
Shares currently on issue	582,565,957
Shares offered pursuant to the Offer	116,513,192 <sup>1</sup>
<b>Total Shares on issue after completion of the Offer</b>	<b>699,079,149<sup>1</sup></b>

### Notes:

1. As announced by the Company on 2 August 2017, the Company has entered into a binding terms sheet with Ibaera which enables Ibaera, subject to due diligence and the satisfaction of various conditions precedent prior to 31 August 2017, to earn in two stages, up to a 47.5% interest in the Company's Wa Gold Project in Ghana, West Africa. Pursuant to the terms sheet, Ibaera has the right, prior to the earlier of 31 August 2017 and the date of execution of a formal joint venture agreement between the parties, to subscribe for a maximum of 65,000,000 Shares at a 10% premium to the volume weighted average price of the Shares in the 10 trading days prior to the subscription date (**Subscription Right**). Ibaera have advised the Company however that they do not intend to exercise their Subscription Right prior to the Record Date.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

As at the date of this Prospectus, the Company has no other securities on issue.

## 6.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Caitlyn Ltd	50,000,000	8.58
HSBC Custody Nominees Australia Ltd	42,203,459	7.24
Macquarie Group Limited	39,309,367	6.74
Ausdrill Limited	36,629,810	6.28

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

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## **7. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **7.1 General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

### **7.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **7.3 Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms

and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

#### **7.4 Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

#### **7.5 Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### **7.6 Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

#### **7.7 Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **7.8 Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## **7.9 Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## **8. RISK FACTORS**

### **8.1 Introduction**

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Azumah and the value of the Shares. These include risks that are widespread risks associated with any form of business and specific risks associated with Azumah's business and its involvement in the exploration and mining industry generally and in Ghana in particular.

While most risk factors are largely beyond the control of Azumah and its directors, the Company will seek to mitigate the risks where possible, for example by maintaining its key relationships with Ghana's federal and regional governments and local people. However, an investment in the Shares is considered speculative due to, among other reasons, whether or not specific to the Company, the nature of Azumah's business and the present stage of its development. A prospective investor should carefully consider in light of their own financial circumstances, the factors set out herein, as well as other information contained or incorporated by reference in this Prospectus.

### **8.2 Key Risk Factors**

#### **(a) Joint Venture Risks**

As detailed in Section 4 above, the Company has entered into the Terms Sheet with Ibaera, pursuant to which Ibaera may, subject to due diligence and the satisfaction of various conditions precedent prior to 31 August 2017, earn in two stages up to a 47.5% interest in the Company's Wa Gold Project in Ghana, West Africa. The Company is thereby reliant upon Ibaera complying with their obligations under the Terms Sheet.

With respect to this issue, the Directors are unable to predict the risk of:

- (i) financial failure or default by a participant in any joint venture to which the Company may become a party; or
- (ii) insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company or its operators for any activity.

Further, if Ibaera elect to exercise their Subscription Right, the number of Shares in the Company could additionally increase by up to 65,000,000. This means that each Share will represent a lower proportion of the ownership of the Company. Although Ibaera may exercise the Subscription Right at any time prior to the earlier of 31 August 2017 and the date of execution of a formal joint venture agreement between the parties, they have advised the Company that they do not intend to do so prior to the Record Date.

#### **(b) Future Issuances of Shares**

The Company may issue additional Shares or other securities in subsequent offerings. The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances of

securities will may on the market price of the Shares. Issuances of substantial numbers of Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Shares. With any additional issuance of Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

(c) **Risk of De-Registration**

The Company may be subject to potential de-registration due to a failure to comply with local regulations, resulting from changes in policy or otherwise. To mitigate these risks, the Company monitors local regulations governing companies through its local counsel experienced in corporate law to ensure that it continues to comply with such regulations.

(d) **Risk of Improper use of Funds in Local Entity**

The Company operates in a number of jurisdictions, and, as result, is exposed to potential misappropriation of funds by a local entity. To mitigate this risk, the Company keeps cash balances to a minimum and completes a reconciliation of all bank accounts on a regular basis, as well as independent verification of all funds used. The Company has implemented an internal approval process with respect to all payments made.

(e) **Title to the Company's Mineral Properties Cannot be Guaranteed and may be Subject to Prior Unregistered Agreements, Transfers or Claims and Other Defects**

The Company cannot guarantee that title to its properties will not be challenged. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be constrained. The Company's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Company has not conducted complete surveys of all of the tenements in which it holds direct or indirect interests. A successful challenge to the precise area and location of these tenements could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

Although the Company has obtained title opinions from what it believes to be appropriately qualified legal counsel in the local jurisdictions, such opinions are subject to the assumptions and limitations contained therein and are current only as at the date such opinions are rendered, with no obligation on legal counsel to update the information contained in such opinions going forward.

(f) **The Company is Subject to Potential Significant Changes in Law and Government Regulation**

The Company's mineral exploration and planned development activities are subject to various laws governing title, tenement interests, prospecting, mining rights, land ownership, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. Although the Company's exploration and planned development activities are

currently believed by the Company to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to governmental approvals, licenses and permits. The granting and enforcement of the terms of such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations, title matters, land ownership, tenement interests or mining rights or more stringent implementation thereof could have a substantial adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

(g) **The Company will require external financing or may need to enter into a strategic alliances or joint venture to develop its mineral properties**

The exploration and development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets for minerals may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone any development plans, forfeit rights in some or all of its properties or joint ventures or reduce or terminate some or all of its operations.

(h) **The Company's properties may be adversely affected by political instability in West Africa**

The Company conducts exploration and development activities in West Africa.

The Company's properties in Ghana may be subject to the effects of political changes, war and civil conflict, changes in government policy, lack of law enforcement and labour unrest and the creation of new laws. These changes (which may include new or modified taxes or other government levies as well as other legislation) may impact the profitability and viability of its properties. The effect of unrest and instability on political, social or economic conditions in Ghana could result in the impairment of exploration, development and mining operations. Any such changes are beyond the control of the Company and may adversely affect its business.

In addition, local tribal authorities in West Africa exercise significant influence with respect to local land use, land labour and local security. From time to time, government has intervened in the export of mineral concentrates in response to concerns about the validity of export rights and payment of duties. No assurances can be given that the co-operation of such authorities, if sought by the Company, will be obtained, and if obtained, maintained.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of Australian courts. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for Azumah to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's operations.

(i) **The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably**

The Company has no history of producing metals from its current mineral properties. As a result, the Company is subject to all of the risks associated with establishing new mining operations and business enterprises including:

- (i) the timing and cost, which can be considerable, of the construction of mining and any required processing facilities;
- (ii) the availability and costs of skilled labour and mining equipment;
- (iii) the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and
- (iv) the availability of funds to finance construction and development activities.

It is common in new mining operations to experience unexpected problems and delays during construction, development, and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that the Company's activities will result in profitable mining operations or that the Company will successfully establish mining operations or profitably produce mineral product at any of its properties.

(j) **Changes in the price of gold will affect the profitability of the Company's operations and its financial conditions**

Changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial conditions. The viability of the Company's projects, and upon commencing production, the Company's revenues and profitability, will depend on the market price of gold. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control, including but not limited to the demand for precious metals, expectations with respect to the rate of inflation and deflation, interest rates, currency exchange rates, the global and regional supply and demand for jewellery and industrial products containing metals, production levels, inventories, costs of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold would have a material adverse impact on the Company's projects and anticipated future operations. Such a decline could also have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects and may also impact operations by requiring a reassessment on the feasibility of a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed. The Company will also have to assess the economic impact of any sustained lower gold prices on recoverability and therefore, on cut-off grades and the level of its mineral reserves and mineral resources. Operations in Ghana could increase the cost to Azumah of carrying out its plan of operations, delay its exploration and, if warranted, development activities.

Operating in a foreign country usually involves some uncertainties relating to political and economic matters. Any change of government may result in changes to government legislation and policy. With respect to Ghana, these changes in legislation and policy may include changes that impact on Azumah's ownership and its ability to continue exploration and, if warranted, development. Further, changes in the government in Ghana may result in political and economic uncertainty which may cause Azumah to delay its plan of operations or which may decrease the willingness of investors to provide financing to Azumah. Accordingly, changes in legislation and policy could result in the increase of the costs to explore and, if warranted, develop Azumah's mineral interests and could delay these activities.

(k) **Currency fluctuations may affect the costs that Azumah incurs at its operations**

Currency fluctuations may affect the costs that Azumah incurs at its operations. The Company's revenue from potential sales is likely to be in US dollars while a significant portion of its operating expenses will be incurred in Australian or Ghanaian currency. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operating results.

(l) **If a mine is developed, operating results projected may not be achieved**

Feasibility studies are typically used to determine the economic viability of a deposit. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future mineral prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and possibly processed, the configuration of the ore body, ground and mining conditions and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result, Azumah cannot give any assurance that its exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated.

(m) **The Company may be subject to mandatory relinquishment of tenement area**

The mining laws of Ghana require that upon each renewal of a prospecting licence, the holder thereof must surrender at least 50% of the area covered thereby (subject to a minimum balance of 125 blocks).

Although management of the Company will use its best efforts to ensure that, in each case, the area retained has greater exploration, development and production potential than the area relinquished, there can be no assurance that the area relinquished will not ultimately have greater Mineral Resources and Mineral Reserves and a more positive outlook than the area retained upon renewal.

(n) **The Company's access to land may be stopped**

The Company's exploration activities are dependent upon the grant, or as the case may be, the maintenance or renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintenance, renewal and granting of tenements often depends on the Company being successful in obtaining required statutory approvals. There is no assurance that the Company will be granted all the mining tenements for which it has applied or that licences, concessions, leases, permits or consents will be renewed as and when required or that new conditions will not be imposed in connection therewith. To the extent such approvals, consents or renewals are not obtained, the Company may be curtailed or prohibited from continuing with its exploration and development activities or proceeding with any future exploration or development.

(o) **Exploration and production may not prove successful, involve risks and have no guaranteed outcome**

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for, and the development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

The Company's exploration and production may be further hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies. The success of the Company also depends on the delineation of economically recoverable reserves, the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to its exploration and mining tenements as well as obtaining all necessary consents and approvals for the conduct of its exploration and production activities.

Exploration and production on the Company's existing exploration and mining tenements may prove unsuccessful. Mineable resources may become depleted resulting in a reduction of the value of those tenements and a diminution in the cash flow and cash reserves of the Company as well as possible relinquishment of the exploration and mining tenements.

Risks involved in mining operations include unusual and unexpected geologic formations, seismic activity, rock burst, cave-ins, flooding and other conditions involved in the drilling and removal of any material, any of which could result in damage to life or property, environmental damage and possible legal liability. Further, weather conditions over a prolonged period can adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Whether income will result from the Company's projects will depend on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development, future cash flow and profitability, and there can be no assurance that current estimates of these factors will reflect actual results and performance.

The design and construction of efficient processing facilities, the existence of competent operational management and prudent financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

(p) **Azumah will incur costs to establish basic infrastructure to support operations**

Azumah's mineral interests are located in remote areas of Ghana, which lack basic infrastructure, including sources of power, water, housing, food and transport. As a result, Azumah will be required to establish the facilities and material necessary to support operations, including greater sources of power, water, physical plant and transport infrastructure, than are currently present in the area. This in turn will require that Azumah obtain necessary approvals from national, provincial and regional governments, none of which can be assured.

(q) **The Company may experience difficulty attracting and retaining qualified management to meet the needs of its anticipated growth, and the failure to manage the Company's growth effectively could have a material adverse effect on its business and financial condition**

The Company's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. To manage its growth, the Company must

attract and retain additional highly qualified management, financial, mining, technical and marketing personnel and continue to implement and improve operational, financial and management information systems. Many outcomes therefore depend to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors.

(r) **Changes in legislation regarding repatriation of earnings may adversely affect the Company's operations**

The Company conducts its operations through foreign subsidiaries and holds substantially all of its assets in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price. Moreover, there is no assurance that Ghana or any other foreign country in which the Company may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

(s) **The Company's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes and other environmental occurrences, political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes, changes in regulatory environment, monetary losses and possible legal liability.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Azumah or to other companies in the mining industry on acceptable terms. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

(t) **The Company's activities are subject to environmental laws and regulations that may increase the Company's costs of doing business or restrict its operations**

The Company's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

(u) **The Company's operations make it susceptible to environmental liabilities, the incurrence or payment of which could have a material adverse effect**

Mining is subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

(v) **Land rehabilitation requirements for exploration properties may be burdensome and may divert funds from the Company's exploration programs**

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimise long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on the Company in connection with its mineral exploration, the Company must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

(w) **Inflation may affect the costs that Azumah incurs and its operations**

Azumah's mineral properties are located in Ghana which has historically experienced relatively high rates of inflation.

(x) **Mineral resource and mineral reserve estimates may be inaccurate**

The mineral resources and mineral reserves of the Company are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral reserves could be mined or processed profitably. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the mineral reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause mining operations to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in gold prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require the revision of such estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral resources and mineral reserves, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition.

(y) **Labour and employment matters may adversely affect the Company's operations**

Relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition.

As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. In addition, given the remote location of the properties, the lack of infrastructure in the nearby surrounding areas, and the shortage of a readily available labour force in the mining industry, Azumah may experience difficulties retaining the requisite skilled employees in Ghana in the event one or more of its projects is developed. While the Company believes that it will be successful in attracting and retaining qualified personnel and employees, there can be no assurance of such success.

Also, HIV/AIDS, malaria and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry in Ghana. HIV/AIDS is a major healthcare challenge faced by Azumah's operations in these

countries. There can be no assurance that Azumah will not lose members of its workforce or workforce manhours or incur increased medical costs, which may have a material adverse effect on Azumah's operations.

(z) **The Company is subject to litigation risks**

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's mining and project development operations.

(aa) **There can be no assurances that the Company will be profitable in the future**

To date, the Company has experienced a negative operating cash flow and has not commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues, operate profitably or provide a return on investment in the future.

(bb) **Key management and personnel could leave the Company**

The Company is dependent upon a number of key management personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration and development activities, and hence its success, will depend in large part on the efforts of these individuals.

(cc) **The voting power of the Company's existing shareholders may be diluted**

The Company may issue additional Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may depress the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.

(dd) **The Company is subject to potential significant changes in government regulation**

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. Although the Company's exploration and planned development activities are currently believed by the Company to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to governmental approvals, licenses and permits. The granting and enforcement of the terms of such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

(ee) **The Company's ordinary shares are publicly traded and are subject to various factors that may make the Company's share price volatile**

The market price of the Company's Shares could fluctuate significantly. The market price of the Company's Shares may fluctuate based on a number of factors, including the Company's operating performance and the performance of competitors and other similar companies, the public's reaction to the Company's releases, other public announcements and the Company's lodgement with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of the Company's Shares publicly traded, the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors

### **8.3 Speculative investment**

The above list of risk factors ought not to be taken as an exhaustive review of all of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## 9. MATERIAL CONTRACTS

### 9.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for 116,513,192 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement the Company has agreed to pay the Underwriter:

- (a) a management fee of 1.5% of the total gross amount raised under the Offer (being approximately \$34,954);
- (b) an underwriting fee of 5% of the total dollar amount raised under the Offer (approximately \$116,513). All sub-underwriting fees will be paid by the Underwriter from this underwriting fee; and
- (c) a lead manager fee of \$20,000.

The Underwriter is also entitled to be reimbursed for out-of-pocket expenses directly related to the Offer. The Underwriter must obtain the Company's consent prior to incurring any single expense greater than \$2,000.

In the event that the Company terminates the Underwriting Agreement without cause, the Underwriter will be entitled to a termination fee of \$10,000 and the reimbursement of any incurred or accrued expenses up to the date of termination.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall)**: any of the All Ordinaries Index or the S&P ASX 200 Materials Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its level as at the close of business on the business day prior to the date of the Underwriting Agreement; or
- (b) **(Share Price)**: the closing price of the Shares quoted on ASX (trading under code AZM) closes for 2 consecutive Business Days at a price that is lower than \$0.02; or
- (c) **(No Official Quotation)**: ASX notifies the Company or any other person that Official Quotation will not be or has not been granted for all Shares under the Offer by 4 September 2017 (or such other date agreed in writing between the parties); or
- (d) **(Supplementary prospectus)**:
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph (p)(vi) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by the Corporations Act; or
- (f) **(Misleading Prospectus):** it transpires that there is a material statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (g) **(Breach of Material Contracts):** any of the material contracts or contracts described in the Prospectus is breached, not complied with according to its terms, terminated or substantially modified; or
- (h) **(Restriction on allotment):** the Company is prevented from allotting the Shares under the Offer within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (i) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, by 9 August 2017 (or such other date agreed in writing between the parties) has arrived, and that application has not been dismissed or withdrawn; or
- (k) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
- (l) **(ASIC or other prosecution):** ASIC gives notice in writing of any deficiency in the Prospectus or related documents which is not remedied to the satisfaction of ASIC and the Underwriter or ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Offer or the Company; or
- (m) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (n) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or

- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Termination Events)**: subject always to the Material Adverse Effect qualification described below, any of the following events occurs:
  - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking provided, however, if such default can be rectified the Company fails to rectify the same within 2 business days of written notice of such default;
  - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
  - (iii) **(Contravention of Constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
  - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
  - (v) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
  - (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
  - (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the issue of Shares under the Offer or the Prospectus;
  - (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of Shares under the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
  - (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
  - (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a

proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (xii) **(Event of Insolvency)**: an event of insolvency occurs in respect of a Relevant Company;
- (xiii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$200,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xiv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter;
- (xvi) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xvii) **(Timetable)**: there is a delay in any specified date in the timetable set out in the Underwriting Agreement which is greater than 3 Business Days;
- (xviii) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xix) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xx) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by this Prospectus;
- (xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company;
- (xxii) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Ghana, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world, provided that

such circumstance is not existing at the date of the Underwriting Agreement;

- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, Canada or other international financial markets; or
- (xxiv) **(Suspension)**: the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

The Underwriter may not exercise its rights under termination event (p) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 9.2 Mandate letter

The Company and the Underwriter entered into a mandate agreement dated 1 August 2017, whereby the Underwriter was appointed to act as Lead Manager and Underwriter to the Offer (**Mandate**).

The Underwriter will receive those fees set out in section 8.1 above for services provided pursuant to the Mandate which, for the avoidance of doubt, will not be duplicated.

Other than as required under the Terms Sheet with Ibaera, the Company has agreed not to offer, sell or market, contract to sell, otherwise dispose of or announce the sale, directly or indirectly, of any Shares or other securities which are convertible into or exchangeable or contain the right to acquire Shares, without the prior written consent of the Underwriter for a period of three months commencing on the closing date of the Offer.

Further, the Company has agreed to offer the Underwriter the lead manager role in any further equity capital raisings undertaken in connection with the Company within six months of completion of the Offer, subject to competitive terms in respect of pricing, fees and timing relative to market practices at that time.

Mr Atkins, Non-Executive Chairman of the Company, is also a director of the Corporate Finance Division of Patersons. In accordance with the Mandate, Mr Atkins may be entitled to share in part of the fees payable by the Company to the Underwriter for his advice and professional services rendered in relation to the Offer and the Shortfall Offer.

The Mandate is otherwise made on standard terms and conditions.

### 9.3 Sub-underwriting Agreement

The Underwriter has entered into a sub-underwriting agreement with Windamurah Pty Ltd ATF The Atkins Superannuation Fund (**Sub-Underwriter**), an entity controlled by the Company's Chairman, Mr Atkins, to sub-underwrite 1,763,191 Shares (\$35,263), which equates to 0.25% of the issued capital on completion of the Offer.

The Underwriter will pay the Sub-Underwriter an underwriting fee of \$440.80 (equating to 1.25% of the amount sub-underwritten) for the Sub-Underwriter's sub-underwriting commitment.

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## 10. ADDITIONAL INFORMATION

### 10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 10.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
04/08/2017	Rights Issue
03/08/2017	Updated Company Presentation
02/08/2017	Azumah Strikes A\$17M Earn-In Deal
02/08/2017	Trading Halt
01/08/2017	Change of Registered Office
28/07/2017	Quarterly Activities Report
28/07/2017	Quarterly Cashflow Report
24/07/2017	New Priority Targets To Drive Exploration Push
24/05/2017	New Targets Identified At Julie West
28/04/2017	Quarterly Activities and Cashflow Reports
03/03/2017	Half Year Accounts
02/03/2017	Rock Chips Enhance Julie West Prospectivity
28/02/2017	Change in substantial holding for CDT
30/01/2017	Quarterly Activities and Cashflow Reports
06/01/2017	Change of Director's Interest Notice x 3
06/01/2017	Appendix 3B
12/12/2016	Discovery at Georgie and Other Drill Results
22/11/2016	Results of Meeting
22/11/2016	AGM Presentation
07/11/2016	Becoming a substantial holder from ASL
25/10/2016	Azumah October 2016 Presentation
24/10/2016	Notice of Annual General Meeting/Proxy Form
24/10/2016	Encouraging Mid-Programme Drilling Results
20/10/2016	Quarterly Cashflow Report and ASX LR 5.3.3 Information
20/10/2016	Quarterly Activities Report

Date	Description of Announcement
12/10/2016	Julie West JORC Update Adds 69koz @ 4.4g/t Mineral Resources
03/10/2016	Castle Minerals Limited Loan
28/09/2016	Appendix 4G and Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at [www.azumahresources.com.au](http://www.azumahresources.com.au).

### 10.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective most recent date of those sales were:

	(\$)	Date
Highest	\$0.03	4 August 2017
Lowest	\$0.023	15, 19, 20, 21, 23, 26 and 28 June 2017 and 11 and 17 July 2017 and 10 August 2017
Last	\$0.23	10 August 2017

### 10.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or

- (b) for services provided in connection with:
- (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

<b>Director</b>	<b>Shares</b>	<b>Entitlement Shares</b>	<b>\$</b>
Michael Atkins	1,350,000 <sup>1</sup>	270,000	\$5,400
Stephen Stone	9,633,633 <sup>2</sup>	1,926,727	\$38,534
Geoffrey Jones	375,000	75,000	\$1,500
William LeClair	Nil	Nil	Nil

#### **Notes:**

1. Comprising 750,000 Shares held directly by Mr Atkins and 600,000 Shares held indirectly through Windamurah Pty Ltd ATF The Atkins Superannuation Fund. Windamurah Pty Ltd ATF The Atkins Superannuation Fund, an entity controlled by Mr Atkins, will sub-underwrite 1,763,191 Shares under the Offer. Details of the sub-underwriting is set out in Section 9.3.
2. Comprising 2,000,000 held by Mr Stone ATF The Pearlstone Family Account and 7,633,633 Shares held indirectly through Gladstone Super Pty Ltd ATF Gladstone Superannuation Fund Account.

The Board recommends all Shareholders take up their Entitlements and the Directors reserve the right to take up their respective Entitlements.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration\* paid to both executive and non-executive directors for the two years prior to the date of this Prospectus.

Director	Year ended 30 June 2018 (Proposed) <sup>1</sup>	Year ended 30 June 2017	Year ended 30 June 2016
Michael Atkins	\$82,125	\$82,125	\$84,167
Stephen Stone	\$300,000	\$300,000	\$302,042
Geoffrey Jones	\$45,000	\$45,000	\$47,211
William LeClair	\$49,275	\$49,275	\$51,317

\* Annual Remuneration includes salary, superannuation and non-monetary benefits

## 10.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$25,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not provided any services to the Company or received any fees or other payments from the Company.

Patersons Securities Limited has acted as the Underwriter and Lead Manager to the Company in relation to the Offer. The fees payable to the Company for these services are set out above at Sections 9.1 and 9.2 of this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons

Securities Limited has not provided any services to the Company or received any fees or other payments from the Company.

## 10.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC; and

Patersons Securities Limited has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Windamurah Pty Ltd ATF The Atkins Superannuation Fund has given its written consent to being named as a sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named. Windamurah Pty Ltd ATF The Atkins Superannuation Fund has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 10.7 Expenses of the offer

The total expenses of the Offer are estimated to be approximately \$223,330 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,400
ASX fees	9,463
Underwriting and Lead Manager fees	171,467
Legal fees	25,000
Printing and distribution	5,000
Miscellaneous	10,000
<b>Total</b>	<b>223,330</b>

## **10.8 Electronic prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please phone the Company on +61 8 9486 7911 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.azumahresources.com.au](http://www.azumahresources.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **10.9 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## **10.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **10.11 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**11. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

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**Mr Michael Atkins**  
**Non-Executive Chairman**  
**For and on behalf of**  
**Azumah Resources Limited**

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## 12. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** or **Azumah** means Azumah Resources Limited (ACN 112 320 251).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia, New Zealand and Mauritius.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Material Adverse Effect** means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Shares issued under the Offer (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Shares under the Offer); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or

operations of the Company and its Subsidiaries either individually or taken as a whole; or

- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either:
  - (i) the Company and its Subsidiaries either individually or taken as a whole; or
  - (ii) an Australian resident shareholder in the Company.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Prescribed Occurrence** means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
  - (i) entering into a buy back agreement; or
  - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or

(m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Relevant Company** means the Company and each of its subsidiaries at the date of execution of the Underwriting Agreement.

**Section** means a section of this Prospectus.

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

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus for investors other than Eligible Shareholders.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 5.8 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Underwriter** means Patersons Securities Limited (ACN 008 896 311).

**WST** means Western Standard Time as observed in Perth, Western Australia.