

ASX / Media Release

ASX Code – AZM

Thursday 21<sup>st</sup> October 2010



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

#### Investment Highlights:

- 1.2Moz gold JORC Reported Mineral Resource at Wa Gold Project, NW Ghana
- 100% of 3,100km<sup>2</sup> licences hosting over 150km of prospective Birimian greenstone belt. Less than 10% explored
- Feasibility Study underway for multi-pit +1.0Mtpa mining and gravity / CIL operation
- Large pipeline of drill-ready targets
- Aggressive multi-rig exploration programs focused on resource inventory increase
- Board and management team of successful explorers, mining and corporate professionals

#### Issued Capital:

220.95M ord. shares  
13.00M unlisted options

#### Directors & Management:

Chairman:  
Michael Atkins

Managing Director:  
Stephen Stone

Non-Executive Director:  
Geoff M Jones

General Manager Geology:  
Tony Greenaway

Project Study Manager:  
Alan Thompson

Company Secretary:  
Dennis Wilkins

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## OPERATIONS REPORT- SEPTEMBER QUARTER 2010

### WA GOLD PROJECT, NORTH WEST GHANA

- Delivered maiden 60,600oz gold JORC Reported Inferred Mineral Resource estimate for the Collette deposit.
- Obtained further high-grade near-surface and deeper gold intercepts from the 2km zone separating the Kunche and Bepkong deposits, including 1m at 143.0g/t gold from 106m (BRC179). Best RC intercepts (1m samples – not prev reported) included:
  - 7m at 21.74g/t gold from 106m (BRC179),  
*Inc 1m at 143.0g/t gold from 106m*; and
  - 10m at 3.89g/t gold from 16m (KRC221)
- Identified strong, shallow gold anomalism at the early-stage Nanga prospect, approximately 2.2km south west of Kunche. Best aircore drilling intercept (4m composite samples) was:
  - 4m at 2.60g/t gold from 20m (KBRB905)
- Obtained additional high-grade shallow intercepts from outside the current Julie deposit preliminary optimised pit perimeter. Results (1m samples) confirm previously reported 4m composite sample results and include:
  - 3m at 8.74g/t gold from 84m (AJRC151);
  - 5m at 4.51g/t gold from 83m (AJRC152);
  - 4m at 5.01g/t gold from 42m (AJRC169); and
  - 6m at 3.89g/t gold from 36m (AJRC182)(not prev reported).
- Obtained encouraging results from first-pass RC drilling of artisanal workings at the Kjersti deposit. Intercepts (1m samples - not prev reported) included:
  - 2m at 6.60g/t gold from 14m (AKJRC003);
  - 2m at 4.88g/t gold from 12m (AKJRC005); and
  - 3m at 4.27g/t gold from 42m (AKJRC005).
- Completed acquisition and commenced interpretation of high-resolution aeromagnetic survey over the key Vapor licence (which includes the Kunche-Bepkong camp area) and Julie licences.
- Approved a 250,000m combined RC, aircore and diamond drilling program for 2010 – 2011.
- Expanded geological and support teams and field infrastructure ahead of imminent commencement of drilling and field activities.

*“Exploration completed during the September Quarter has positioned Azumah very strongly for the new exploration season which is about to commence, with the emphasis being on increasing the current open-ended 1.2Moz resource base,”* said Azumah Managing Director Stephen Stone.

Azumah Resources (ASX: AZM) is pleased to report that the high level of drilling activity during the September Quarter, prior to the onset of the wet season, culminated in the delivery of a maiden open-ended resource of 60,600 ounces of gold for the Collette deposit, bringing combined resources at the Company's 100% owned, 3,100km<sup>2</sup> Wa Gold Project in north-west Ghana to 1.2 million ounces of gold (*refer ASX release dated 10<sup>th</sup> September 2010*) (*Figures 1 - 5, and Table 1*).

For the calendar year to date Azumah has completed over 70,000m of combined RC, aircore and diamond core drilling and has an approved budget to complete 250,000m for the year to June 30<sup>th</sup> 2011. A commensurate increase in personnel and support logistics has been implemented to facilitate this.

Resources on the three Julie licences, 70km east of Kunche-Bepkong, now total 410,700 ounces of gold, with over 85% of these resources occurring above 70m depth. Results from drilling completed during the Quarter at the 350,000 ounce Julie deposit itself have also flagged the strong likelihood of a resource upgrade in the New Year, with assays from 1 metre sample splits of previously reported 4m composited samples showing good correlation including:

- 3m at 8.74g/t gold from 84m (AJRC151);
- 5m at 4.51g/t gold from 83m (AJRC152);
- 4m at 5.01g/t gold from 42m (AJRC169); and
- 6m at 3.89g/t gold from 36m (AJRC182) (not prev reported).

Both the Julie and Collette mineralisation is better developed where the main east-west trending mineralised structures are intersected by a series of north-south mineralised quartz veins. Field work is uncovering an increasing number of these areas, which will form the focus for drilling and resource delineation.

In addition to the abovementioned activities, during the September Quarter Azumah also:

- **Obtained** encouraging results from first-pass RC drilling of artisanal workings at the new Kjertsi prospect within the Julie licences. Best intercepts included:
  - 2m at 6.60g/t gold from 14m (AKJRC003);
  - 2m at 4.88g/t gold from 12m (AKJRC005); and
  - 3m at 4.27g/t gold from 42m (AKJRC005).

Mineralisation at Kjertsi appears to be associated with a north-west/south-east trending mineralised structure. This was tested and confirmed by a broad-based, shallow depth reconnaissance aircore drilling program which returned several zones of anomalous gold. Best intercepts (4m composite samples) included:

- 4m at 1.52g/t gold from 4m (AKJA025);
  - 4m at 5.50g/t gold from surface (AKJA110); and
  - 4m at 3.52g/t gold from 24m to EOH (AKJA110).
- **Highlighted**, using a combination of RC and aircore drilling, the possible delineation of additional resources immediately north and west of the main Bepkong deposit; in the 2km zone separating the Bepkong and Kunche deposits; and to the south-west of Kunche.

Best intercepts included:

- 7m at 21.74g/t gold from 106m (BRC179);  
*incl 1m at 143.0g/t gold from 106m; and*
  - 10m at 3.89g/t gold from 16m (KRC221).
- **Completed** shallow reconnaissance aircore drill testing of the Nanga prospect, 2.2km south-west of the main Kunche deposit. Encouraging strongly anomalous gold intercepts were encountered where the Birimian metasediments (which host the Kunche

and Bepkong mineralisation) abut granite. This appears to be a separate style of mineralisation which may provide additional gold targets within the project area.

- **Prepared** numerous drill sites ahead of the commencement of the new season drilling campaigns, with drilling expected to commence very shortly. The focus will be on the discovery of new resources in the vicinity of the Kunche-Bepkong deposits and for extensions to these open-ended resources.
- **Planned** infill RC and diamond drilling to commence in the December Quarter to raise the current JORC Reported Inferred and Indicated status of existing resources to the Measured category.
- **Planned** sterilisation and geotechnical drilling of proposed plant, tailings and waste rock sites.
- **Completed** the initial processing of data from a high resolution airborne magnetic survey over the Vapor prospecting licence which hosts the Kunche and Bepkong deposits; and over the three Julie prospecting licences. Preliminary interpretations of this data are highlighting structural and lithological trends associated with known mineralisation enabling a ranking of existing targets and are also indicating several new targets.
- **Expanded** geological, technical and field teams, associated infrastructure and logistical support including the set-up of additional accommodation, storage facilities and sample processing facilities.

### Feasibility Study

- **Submitted** the Environmental and Social Impact Scoping (ESIS) Report to the Ghanaian EPA. This document has been formally reviewed by the EPA and directions for the conduct and content of the final full ESIS report have just been issued. In addition, the Scoping Report was advertised for the purpose of obtaining feedback and formal submissions from the public and interested parties. Azumah has also held a number of community liaison meetings with several stakeholder groups. It is important to note that there are no major settlements close to any of Azumah's resources.
- **Advanced** definitive level metallurgical test work which is now close to completion.
- **Advanced** process and infrastructure designs as well as the Tailings Storage Facility design. Scoping of process and infrastructure will be substantially completed by the end of 2010, with the mining scope to be completed upon completion of resource-to-reserve conversion drilling.

### Corporate

As at the date of this Report, Azumah has 220.95M ordinary shares and 13.00M options on issue.

On 19<sup>th</sup> October, Azumah announced that it had placed, subject to shareholder approval, a total of 50M new ordinary shares at a price of 60c each to raise \$30M. The placement was made mainly to North American, European and Australian institutions.

Azumah will hold its AGM at 3.00pm on 9<sup>th</sup> November 2010 at the Celtic Club, 48 Ord Street, West Perth, Western Australia.

In the normal course of its business Azumah proactively and reactively monitors and evaluates corporate and project opportunities within the broader West African region. As at the date of this Report none of these are at an advanced stage.

## Next Quarter

During the December Quarter 2010 Azumah is expecting to:

- **Finalise** site preparations for the commencement of the 2010-2011 drilling season;
- **Commence** RC and diamond drilling in the vicinity of the Kunche-Bepkong deposits;
- **Continue** to RC drill test parallel structures to the main Kunche-Bepkong trend;
- **Extend** existing aircore testing of outlier anomalies at Kunche south and west and other areas;
- **Report** material results from this drilling and other exploration activities;
- **Interpret** data and identify new targets from the recently completed airborne and ground geophysical surveys;
- **Commence** detailed deposit scale geological and structural mapping; and
- **Advance** the Wa Gold Project Feasibility Study.

The original releases to the ASX upon which the above information is based (including all associated figures and tables) are available at [www.asx.com.au](http://www.asx.com.au) or from Azumah's website at [www.azumahresources.com.au](http://www.azumahresources.com.au).

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Figure 1: Azumah's Extensive Licence Position in Ghana's Emerging North West Gold Province

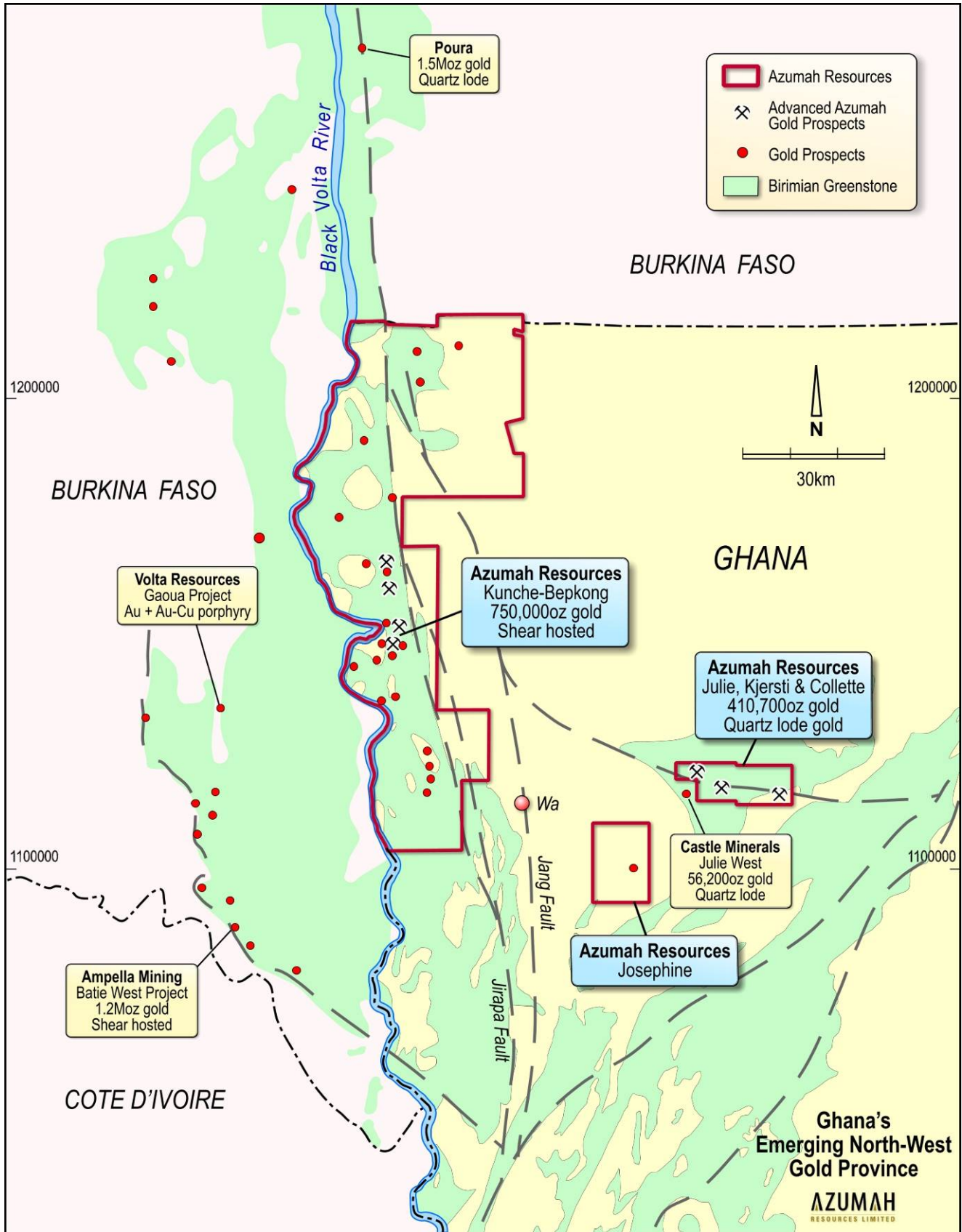


Figure 2: Julie Licences - First Pass RC and Aircore Drilling Results at Kjersti Prospect

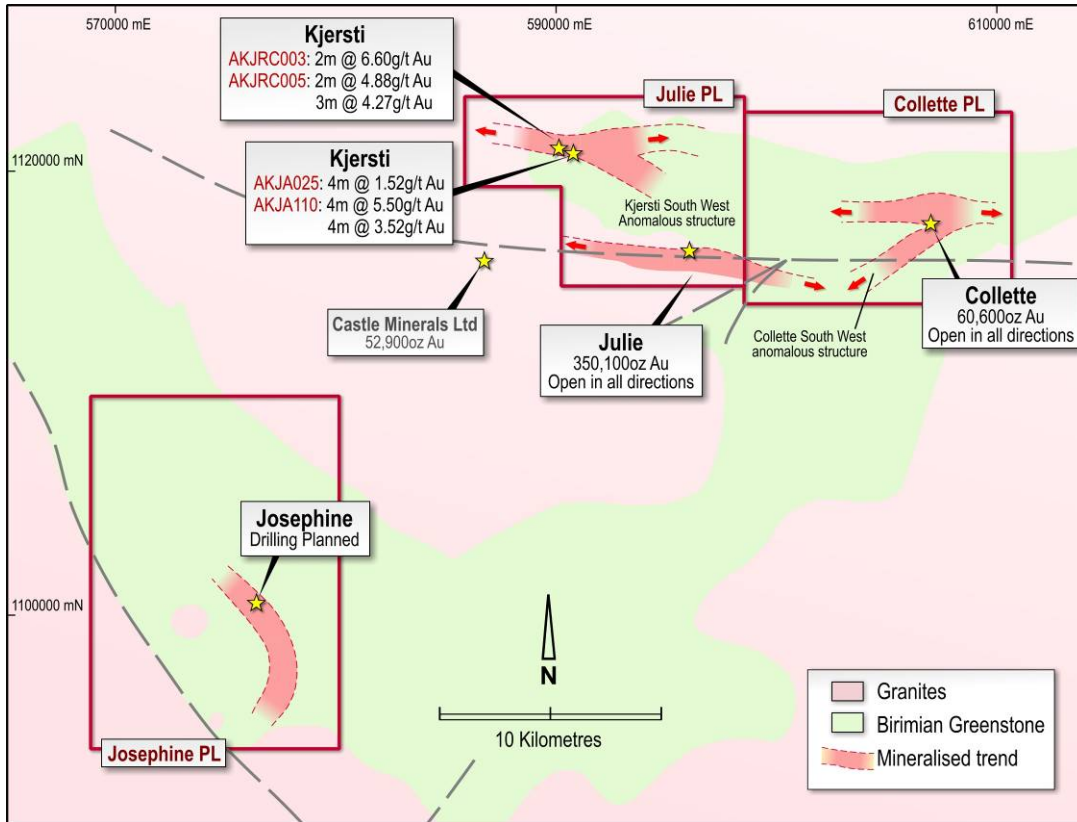


Figure 3: Julie East - Recent RC Drilling Results Highlighting Mineralisation Outside of Optimised Pit Perimeter

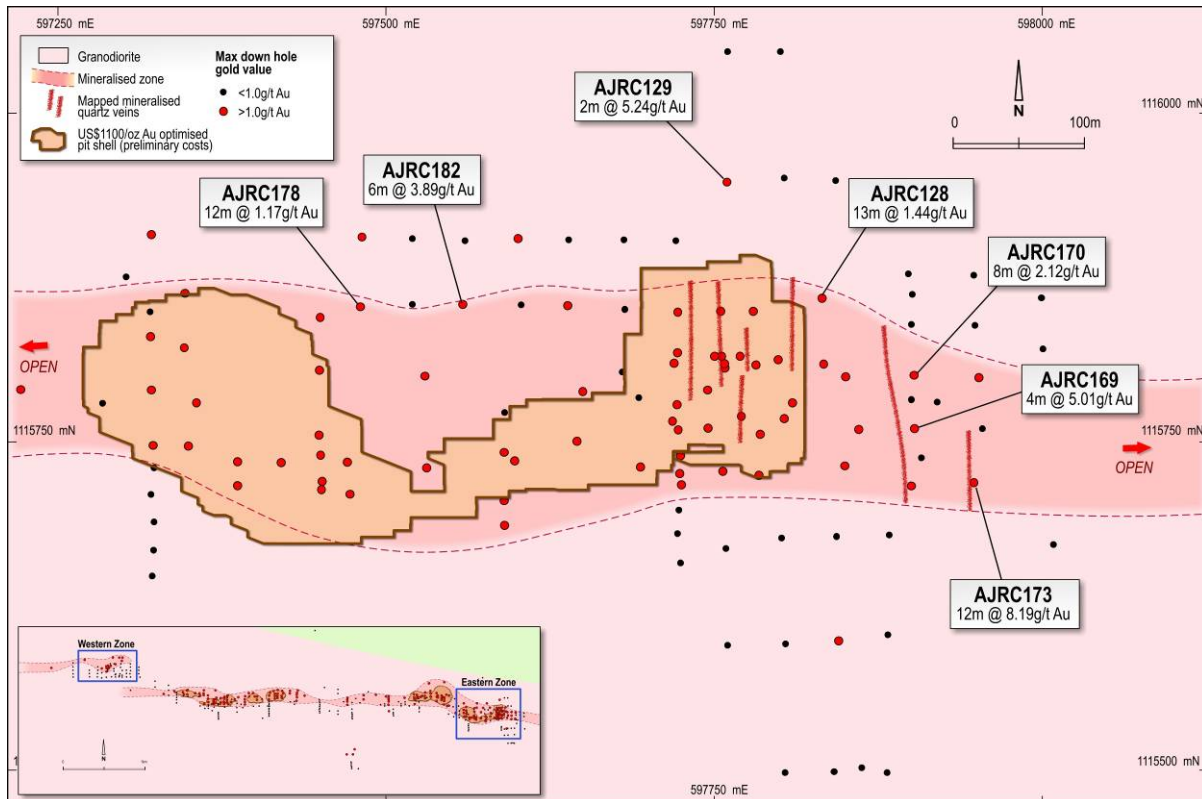


Figure 4: Julie West – Recent RC Drilling Highlights Extensions to Existing Mineralisation

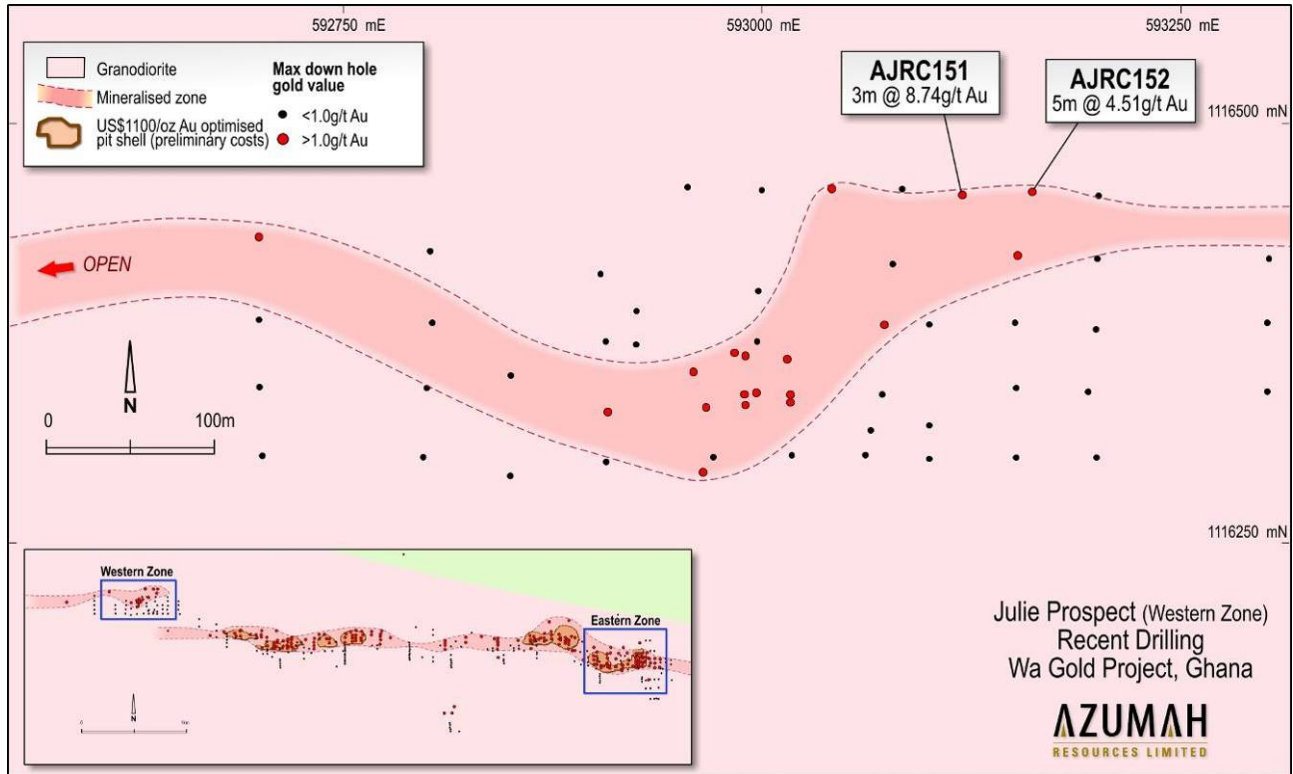


Figure 5: Kunche - Bepkong Deposits – Recent RC Drilling Results (1m Sample Splits)

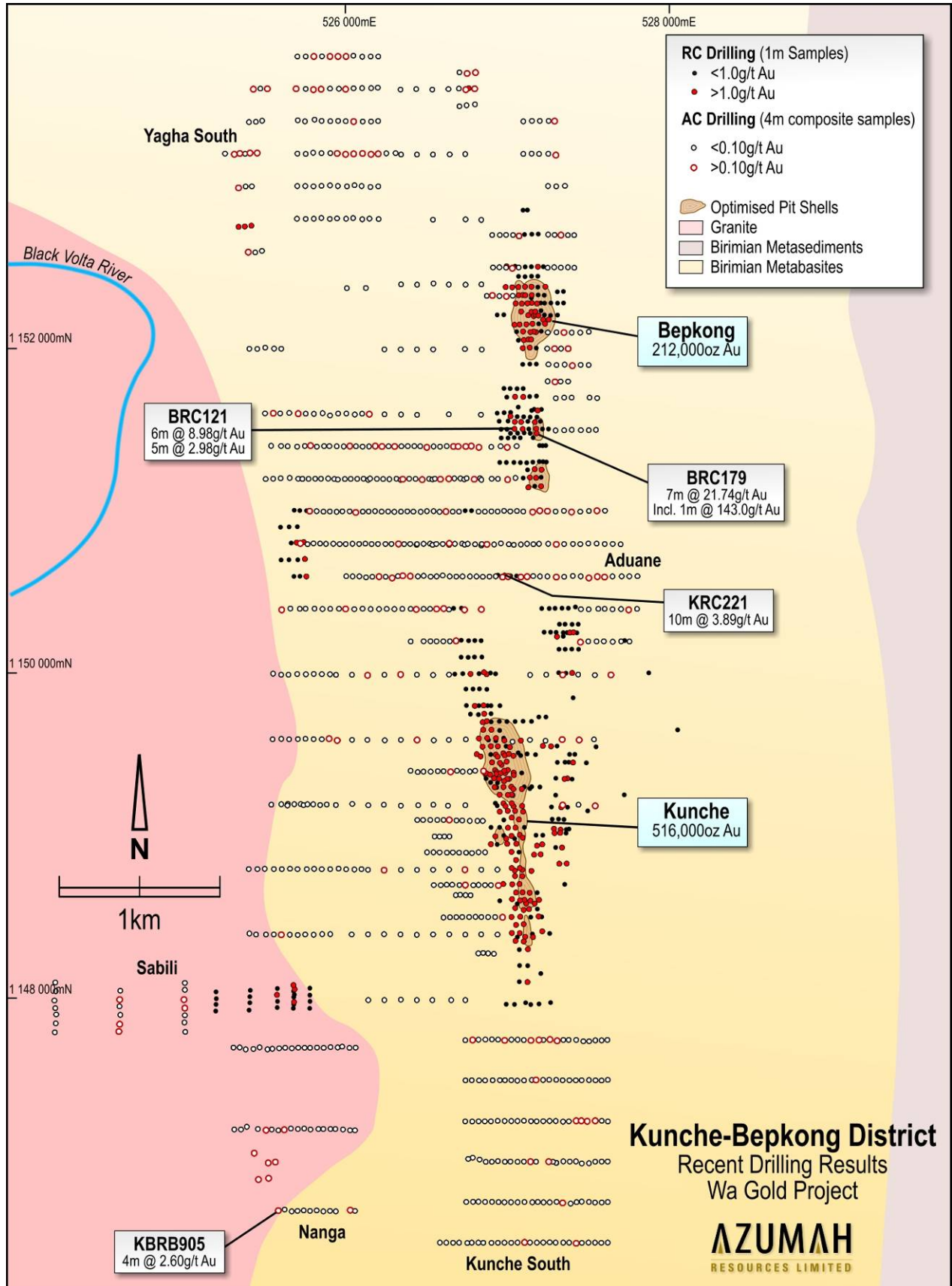


Table 1: Wa Gold Project – Statement of Combined Mineral Resource Estimates

| Prospect     | Indicated        |                |                       | Inferred         |                |                       | Total             |                |                       |
|--------------|------------------|----------------|-----------------------|------------------|----------------|-----------------------|-------------------|----------------|-----------------------|
|              | Tonnes           | Grade g/t Gold | Contained Ounces Gold | Tonnes           | Grade g/t Gold | Contained Ounces Gold | Tonnes            | Grade g/t Gold | Contained Ounces Gold |
| Kunche       | 4,900,000        | 2.0            | 318,000               | 3,600,000        | 1.7            | 198,000               | 8,500,000         | 1.9            | 516,000               |
| Bepkong      | 1,040,000        | 2.5            | 82,000                | 1,930,000        | 2.1            | 130,000               | 2,970,000         | 2.2            | 212,000               |
| Julie        | 3,438,000        | 2.2            | 246,000               | 1,489,000        | 2.2            | 104,000               | 4,927,000         | 2.2            | 350,100               |
| Collette     |                  |                |                       | 909,000          | 2.1            | 60,600                | 909,000           | 2.1            | 60,600                |
| Atikpi       |                  |                |                       | 350,000          | 1.4            | 15,500                | 350,000           | 1.4            | 15,500                |
| Yagha        |                  |                |                       | 270,000          | 1.2            | 10,800                | 270,000           | 1.2            | 10,800                |
| <b>Total</b> | <b>9,378,000</b> | <b>2.1</b>     | <b>646,000</b>        | <b>8,548,000</b> | <b>1.9</b>     | <b>518,900</b>        | <b>17,017,000</b> | <b>2.0</b>     | <b>1,165,000</b>      |

1. Kunche Mineral Resource estimation quoted for blocks with a grade greater than 1.0g/t gold. Differences may occur due to rounding errors. Refer ASX release September 2006 and details on Azumah website. Estimation completed by Runge Limited (previously Resource Evaluations Ltd) in September 2006.
2. Bepkong, Atikpi and Yagha Mineral Resource estimations quoted for blocks with a grade of greater than 0.8 g/t gold. Differences may occur due to rounding errors. Estimation completed by CSA Global Pty Ltd in August 2008.
3. Julie Mineral Resource estimate quoted for blocks with a grade greater than 1.0g/t gold. Differences may occur due to rounding errors. Estimation completed by CSA Global Pty Ltd in March 2010.
4. Collette Mineral Resource estimated for blocks with grade greater than 1.0g/t gold. Estimation completed by CSA Global Pty Ltd in September 2010
5. Details of the Bepkong, Atikpi and Yagha Mineral Resource estimation appear in ASX release dated 4<sup>th</sup> September 2008.
6. Details of the Julie Mineral Resource estimation appear in ASX release dated 24<sup>th</sup> March 2010
7. Details of the Collette Mineral Resource estimation appear in ASX release dated 10<sup>th</sup> September 2010
8. Differences may appear due to rounding

Table 2: Wa Gold Project – Latest RC Drilling Results - 1 Metre Sample Splits

| Hole ID  | Easting | Northing | RL  | Dip | Azi | Hole Depth (m) | From (m) | To (m) | Intersect (m) | Grade g/t Au |
|----------|---------|----------|-----|-----|-----|----------------|----------|--------|---------------|--------------|
| AJRC181  | 597517  | 1115901  | 308 | -50 | 180 | 80             | 57       | 59     | 2             | 1.79         |
| AJRC182  | 597554  | 1115850  | 308 | -50 | 180 | 80             | 36       | 42     | 6             | 3.89         |
|          |         |          |     |     |     |                | 70       | 74     | 4             | 1.48         |
| AJRC183  | 597555  | 1115900  | 309 | -50 | 180 | 80             | 71       | 72     | 1             | 0.82         |
|          |         |          |     |     |     |                | 77       | 78     | 1             | 1.09         |
| AJRC184  | 597598  | 1115850  | 309 | -50 | 180 | 80             | 64       | 65     | 1             | 1.27         |
| AJRC186  | 597637  | 1115851  | 310 | -50 | 180 | 80             | 56       | 57     | 1             | 1.02         |
|          |         |          |     |     |     |                | 59       | 60     | 1             | 1.71         |
|          |         |          |     |     |     |                | 62       | 64     | 2             | 1.10         |
| AJRC188  | 597678  | 1115848  | 311 | -50 | 180 | 80             | 37       | 38     | 1             | 0.97         |
|          |         |          |     |     |     |                | 53       | 59     | 6             | 0.80         |
| AJRC190  | 597678  | 1115800  | 310 | -50 | 180 | 80             | 40       | 42     | 2             | 1.45         |
|          |         |          |     |     |     |                | 60       | 61     | 1             | 0.62         |
| AKJRC001 | 588955  | 1121527  | 259 | -50 | 180 | 82             | 17       | 18     | 1             | 0.90         |
|          |         |          |     |     |     |                | 47       | 48     | 1             | 0.93         |
| AKJRC002 | 588955  | 1121570  | 260 | -50 | 180 | 90             | 83       | 84     | 1             | 0.60         |
| AKJRC003 | 589026  | 1121515  | 260 | -50 | 180 | 75             | 14       | 16     | 2             | 6.60         |

| Hole ID     | Easting | Northing | RL  | Dip | Azi | Hole Depth (m) | From (m) | To (m) | Intersect (m) | Grade g/t Au |
|-------------|---------|----------|-----|-----|-----|----------------|----------|--------|---------------|--------------|
| AKJRC003    | 589026  | 1121515  | 260 | -50 | 180 | 75             | 41       | 42     | 1             | 0.72         |
|             |         |          |     |     |     |                | 45       | 46     | 1             | 0.75         |
|             |         |          |     |     |     |                | 47       | 51     | 4             | 1.18         |
|             |         |          |     |     |     |                | 58       | 59     | 1             | 2.41         |
|             |         |          |     |     |     |                | 62       | 63     | 1             | 6.62         |
|             |         |          |     |     |     |                | 67       | 68     | 1             | 1.34         |
| AKJRC004    | 589020  | 1121555  | 258 | -50 | 180 | 90             | 49       | 50     | 1             | 2.26         |
|             |         |          |     |     |     |                | 59       | 60     | 1             | 0.69         |
|             |         |          |     |     |     |                | 68       | 70     | 2             | 1.64         |
| AKJRC005    | 589080  | 1121486  | 262 | -50 | 180 | 75             | 5        | 7      | 2             | 0.58         |
|             |         |          |     |     |     |                | 8        | 10     | 2             | 1.11         |
|             |         |          |     |     |     |                | 12       | 14     | 2             | 4.88         |
|             |         |          |     |     |     |                | 17       | 18     | 1             | 1.08         |
|             |         |          |     |     |     |                | 29       | 33     | 4             | 1.78         |
|             |         |          |     |     |     |                | 42       | 45     | 3             | 4.27         |
| AKJRC006    | 589080  | 1121527  | 265 | -50 | 180 | 90             | 37       | 38     | 1             | 1.11         |
|             |         |          |     |     |     |                | 40       | 41     | 1             | 0.57         |
|             |         |          |     |     |     |                | 45       | 46     | 1             | 1.00         |
| BRC170      | 527020  | 1151575  | 272 | -50 | 270 | 80             | 9        | 11     | 2             | 2.60         |
| BRC171      | 527060  | 1151575  | 273 | -50 | 270 | 80             | 21       | 23     | 2             | 1.05         |
|             |         |          |     |     |     |                | 55       | 57     | 1             | 0.72         |
| BRC177      | 527100  | 1151475  | 276 | -50 | 270 | 80             | 67       | 68     | 1             | 1.28         |
| BRC178      | 527140  | 1151475  | 277 | -50 | 270 | 80             | 74       | 76     | 2             | 2.06         |
| BRC179      | 527180  | 1151475  | 277 | -50 | 270 | 130            | 21       | 22     | 1             | 1.30         |
|             |         |          |     |     |     |                | 60       | 63     | 3             | 2.63         |
|             |         |          |     |     |     |                | 106      | 113    | 7             | 21.74        |
| <i>Incl</i> |         |          |     |     |     |                | 106      | 107    | 1             | 143.00       |
| KRC221      | 526980  | 1150600  | 275 | -50 | 270 | 75             | 4        | 8      | 4             | 1.58         |
|             |         |          |     |     |     |                | 16       | 26     | 10            | 3.89         |
|             |         |          |     |     |     |                | 31       | 33     | 2             | 1.76         |
|             |         |          |     |     |     |                | 35       | 36     | 1             | 1.97         |
| KRC223      | 527060  | 1150600  | 276 | -50 | 270 | 100            | 87       | 88     | 1             | 1.24         |

Notes: All intersections based on 1m riffle split RC sample. Intersections selected are based on a minimum intersection length of 1m, 0.50g/t gold lower cut-off, no upper-cut applied and maximum of 4m internal dilution. Sample analysed by 50gm Fire Assay method with an AAS finish by SGS Laboratories in Tarkwa. Drill hole collars are located by GPS and DGPS with accuracy +/- 5m and +/- 1m respectively. Azumah routinely submit duplicate, standard and blank samples

## Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Stephen Stone. Mr Stone is the Managing Director of Azumah Resources Limited. Mr Stone is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stone consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report that relates to in-situ Mineral Resource estimates for Bepkong, Collette, Yagha and Atikpi is based on information compiled by Mr David Williams, an employee of CSA Global Pty Ltd, geological consultants. Mr Williams is the competent person for the Bepkong, Collette, Yagha and Atikpi estimates and takes overall responsibility for these. Mr Williams is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Williams consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report that relates to in-situ Mineral Resource estimate for Julie is based on information compiled by Mr Stephen Hodgson, an employee of CSA Global Pty Ltd, geological consultants. Mr Hodgson is the competent person for the Julie estimate and takes overall responsibility for this. Mr Hodgson is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hodgson consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this presentation that relates to Mineral Resources at the Kunche Project is based on a resource estimate that has been audited by Mr Paul Payne, who is a full time employee of Runge Limited. Mr Payne is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Payne consents to the inclusion in the presentation of the matters based on information in the form and context in which it appears.

## Forward Looking Statement

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

All notes pertaining to the Kunche Mineral Resource estimation of September 2006, the Bepkong Mineral Resource estimation of September 2008 and the Atikpi and Yagha Mineral Resource estimation of September 2008 can be viewed at [www.azumahresources.com.au](http://www.azumahresources.com.au)