

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

**ANNUAL INFORMATION FORM**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**January, 1, 2012**

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## TABLE OF CONTENTS

<b>1.</b>	<b>PRELIMINARY NOTES</b>	<b>3</b>
1.1	Documents Incorporated by Reference	3
1.2	Date of Information	3
1.3	Cautionary Statement Regarding Forward-Looking Statements	3
1.4	Currency and Metric Equivalents	4
1.5	Glossary	5
<b>2.</b>	<b>CORPORATE STRUCTURE</b>	<b>8</b>
2.1	Name, Address and Incorporation	8
2.2	Inter-corporate Relationships	9
<b>3.</b>	<b>GENERAL DEVELOPMENT OF THE BUSINESS</b>	<b>10</b>
<b>4.</b>	<b>DESCRIPTION OF THE BUSINESS</b>	<b>23</b>
4.1	General Description of the Business	23
4.2	The Wa Gold Project	23
<b>5.</b>	<b>RISK FACTORS</b>	<b>27</b>
<b>6.</b>	<b>DIVIDENDS</b>	<b>37</b>
<b>7.</b>	<b>DESCRIPTION OF CAPITAL STRUCTURE</b>	<b>37</b>
7.1	Authorized and Outstanding Capital	37
7.2	Options to Purchase Ordinary Shares	38
7.3	Rights to Acquire Ordinary Shares	38
7.4	Principal Holders of Voting Securities of the Company	38
<b>8.</b>	<b>MARKET FOR SECURITIES</b>	<b>39</b>
<b>9.</b>	<b>DIRECTORS AND OFFICERS</b>	<b>40</b>
9.1	Name and Occupation	40
9.2	Security Holdings	43
9.3	Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions	44
9.4	Conflicts of Interest	44
<b>10.</b>	<b>EXECUTIVE COMPENSATION</b>	<b>45</b>
10.1	Compensation Discussion and Analysis	45
10.2	Indebtedness of Directors and Executive Officers	52
<b>11.</b>	<b>LEGAL PROCEEDINGS</b>	<b>52</b>
<b>12.</b>	<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS</b>	<b>52</b>
<b>13.</b>	<b>TRANSFER AGENTS AND REGISTRARS</b>	<b>53</b>
<b>14.</b>	<b>MATERIAL CONTRACTS</b>	<b>53</b>
<b>15.</b>	<b>AUDITORS</b>	<b>54</b>
<b>16.</b>	<b>INTERESTS OF EXPERTS</b>	<b>54</b>
<b>17.</b>	<b>ADDITIONAL INFORMATION</b>	<b>54</b>

## 1. PRELIMINARY NOTES

### 1.1 Documents Incorporated by Reference

All references to “Azumah” or the “Company” refer to Azumah Resources Limited and its subsidiaries.

Information has been incorporated by reference into this AIF from documents filed with the ASIC or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained upon request without charge from the Company’s Canadian solicitors, Fraser Milner Casgrain LLP, Suite 400, 77 King St. West, Toronto, Ontario M5K 0A1. You may call the Company to request such documents at international +61 8 9486 7911 or copies of documents are also available electronically on SEDAR located at [www.sedar.com](http://www.sedar.com). The following documents are incorporated by reference into this AIF:

- The Wa Gold Project Technical Report; and
- Audited consolidated financial statements of the Company for the fiscal year ended June 30, 2011, together with the auditor’s report thereon.

The Company is a “designated foreign issuer” as defined in National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and is subject to the regulatory requirements of the Australian Securities & Investments Commission and the Australian Securities Exchange. Certain of the documents incorporated by reference in this AIF were prepared in accordance with Australian corporate and securities laws. Readers should be aware that requirements under Australian laws may differ from requirements under Canadian securities laws.

### 1.2 Date of Information

All information in this AIF is as of June 30, 2011 unless otherwise indicated.

### 1.3 Cautionary Statement Regarding Forward-Looking Statements

This AIF contains forward-looking statements concerning the Company’s plans for its properties, operations and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning estimates of mineral resources and reserves may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed and, in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: (i) risks relating to the Company’s ability to commence production and generate material revenues from sales; (ii) risks relating to international operations; (iii) actual results of current exploration activities; (iv) conclusions of economic evaluations; (v) changes in

project parameters as plans continue to be refined; (vi) future prices of minerals, in particular, gold, possible variations in ore reserves, grade or recovery rates; (vii) failure of plant, equipment or processes to operate as anticipated; (viii) accidents, labour disputes and other risks of the mining industry; (ix) delays in obtaining governmental approvals or in the completion of development or construction activities; (x) risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; (xi) risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; (xii) results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; (xiii) the uncertainty of profitability; (xiv) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms; (xv) risks related to securing sales contracts sufficient to underpin commencement of production and at adequate operating margins; (xvi) risks related to environmental performance, regulation and liability; (xvii) the possible need to undertake hedging activities and the risks that may be associated with such hedging activities; (xviii) social, political and regulatory risks associated with mining and exploration; and (xix) other risks and uncertainties related to the Company's prospects, properties and business strategy.

Some of the important risks and uncertainties that could affect forward-looking statements are described in this AIF under "Description of the Business – Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

#### 1.4 Currency and Metric Equivalents

References to "C\$" are to Canadian dollars. References to "A\$" are to Australian dollars. References to "US\$" are to United States dollars. Certain financial information relating to the Company contained herein originated in Australian dollars and has been translated into Canadian dollars based on prevailing exchange rates.

The following table reflects the low and high rates of exchange for one Canadian dollar, expressed in Australian dollars, in effect during the periods noted, the average rates of exchange during such periods and the rates of exchange at the end of such periods, based on the Bank of Canada average noon spot rate of exchange.

<u>Australian dollar per Canadian dollar</u>		<u>High</u>	<u>Low</u>	<u>Average<sup>(1)</sup></u>	<u>End of Period</u>
<u>Years Ended June 30</u>		<u>C\$</u>	<u>C\$</u>	<u>C\$</u>	<u>C\$</u>
2011	.....	1.0506	0.8926	0.9901	1.0348
2010	.....	1.1583	1.0429	1.0831	1.0672
2009	.....	1.0181	1.3291	1.1589	1.0758

By quarter for the 2011 fiscal year and to 31 December 2011:

<u>Australian dollar per Canadian dollar</u>	<u>High</u>	<u>Low</u>	<u>Average<sup>(1)</sup></u>	<u>End of Period</u>
	<u>C\$</u>	<u>C\$</u>	<u>C\$</u>	<u>C\$</u>
September 2010 quarter.....	1.1203	0.9996	1.0627	1.0072
December 2010 quarter .....	1.0193	0.9823	0.9995	0.9823
March 2011 quarter .....	1.0300	0.9823	1.0091	0.9935
June 2011 quarter.....	1.0506	0.9969	1.0286	1.0348
September 2011 quarter	1.0491	1.0059	1.0279	1.0123
December 2011 quarter .....	1.0660	1.0023	1.0354	1.0424

Notes(s):

(1) The average of the daily noon buying rate of each month during the period.

On June 30, 2011, the Bank of Canada noon spot rate of exchange was C\$1.00 = A\$0.9664.

On December 30, 2011, the Bank of Canada noon spot rate of exchange was C\$1.00 = A\$0.9593.

For ease of reference, the following conversion factors are provided:

<u>Metric Unit</u>	<u>U.S. Measure</u>	<u>U.S. Measure</u>	<u>Metric Unit</u>
1 hectare .....	2.471 acres	1 acre .....	0.4047 hectares
1 metre .....	3.2881 feet	1 foot .....	0.3048 metres
1 kilometre .....	0.621 miles	1 mile .....	1.609 kilometres
1 gram .....	0.032 troy ounces	1 troy ounce .....	31.1 grams
1 kilogram .....	2.205 pounds	1 pound .....	0.4541 kilograms
1 tonne .....	1.102 short tons	1 short ton .....	0.907 tonnes

Certain historic information was prepared in accordance with the JORC Code. The JORC code categories compared to equivalent categories of NI 43-101 we set out below:

<b>Category</b>	<b>CIM Definitions Standards</b>	<b>JORC Code (2004)</b>
Resources	Inferred Mineral Resource	Inferred Mineral Resource
	Indicated Mineral Resource	Indicated Mineral Resource
	Measured Mineral resource	Measured Mineral Resource
Reserves	Probable Mineral Reserve	Probable Ore Reserve
	Proven Mineral Reserve	Proved Ore Reserve

## 1.5 Glossary

The following is a glossary of terms used in this AIF.

“**1986 Mining Law**” means the Ghanaian *Minerals and Mining Law*, 1986.

“**2006 Mining Act**” means the Ghanaian *Minerals and Mining Act*, 2006 (Act 703).

“**2010 Mining Act**” means the Ghanaian *Minerals and Mining (Amendment) Act*, 2010 (Act 794).

“**alluvial**” means transported and deposited by the action of rivers and streams.

“**assay**” means an analysis to determine the presence, absence, and quantity of one or more metallic components.

“**ASIC**” means means the Australian Securities & Investments Commission.

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

“**Au**” means gold.

“**basin**” means a tectonically depressed area in which sediments may have been deposited.

“**block**” means a geometric section of land bounded by 15 seconds of longitude and 15 seconds of latitude, or such smaller section as required by the boundary of Ghana, as further defined in the Minerals and 2006 Mining Act.

“**CIM**” means The Canadian Institute of Mining, Metallurgy and Petroleum.

“**Company**” means Azumah Resources Limited.

“**Collette Purchase Agreement**” means one of the three purchase agreements entered in on March 2, 2009 between Azumah and Crew Gold Corporation to purchase Crew’s Wa Project, 75km east of the Wa Gold Project, comprised of three prospecting licences covering a total area of 300km<sup>2</sup>.

“**Corporations Act**” means the *Corporations Act 2001 (Commonwealth)*.

“**CSA**” means CSA Global Party Ltd.

“**diamond drilling**” means diamond core drilling, a method of obtaining a cylindrical core of rock by drilling with a diamond impregnated annular bit, or a bit with small diamonds mounted on it. This grinds away the rock and the cuttings are flushed back to the drilling machine with water. The core gathers in a core tube which may be able to be pulled back to the machine to retrieve the core as it fills up.

“**ECOP**” means Azumah’s Employee and Contractors Option Plan.

“**EIS**” means an Environmental Impact Study.

“**EPA**” means the Ghanaian Environmental Protection Agency.

“**ESIA**” means an Environmental and Social Scoping Study.

“**fault**” is a geological term that refers to a fracture or zone of fractures in the earth’s crust along which the rock units on each side of the fracture have moved relative to one another.

“**Feasibility Study**” means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

“**Form 51-102F6**” means National Instrument Form 51-102F6 of the Canadian Securities Administrators.

“**grade**” is a term used to designate extent to which metamorphism has advanced.

“**g/t**” means grams per tonne.

“**Insiders**” means an insider of the Company as defined in the *Securities Act* (Ontario), as amended from time to time, other than a person who falls within such definition solely by virtue of being a director or senior officer of a subsidiary of the Company.

“**intrusion**” is any general term for a body of igneous rock formed below the surface.

“**JORC Code**” means the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves which sets out the minimum standards, recommendations and guidelines for Public Reporting in Australasia for Exploration Results, Mineral Resources and Ore Reserves. Revised and updated revisions of the JORC Code were issued in 1992, 1996, 1999 and 2004.

“**Josephine Purchase Agreement**” means one of the three purchase agreements entered in on March 2, 2009 between Azumah and Crew Gold Corporation to purchase Crew’s Wa Project, 75km east of the Wa Gold Project, comprised of three prospecting licences covering a total area of 300km<sup>2</sup>.

“**Julie Purchase Agreement**” means one of the three purchase agreements entered in on March 2, 2009 between Azumah and Crew Gold Corporation to purchase Crew’s Wa Project, 75km east of the Wa Gold Project, comprised of three prospecting licences covering a total area of 300km<sup>2</sup>.

“**km**” means kilometre.

“**mineral reserve**” is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

“**mineral resource**” means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

“**Minister**” means the Ghanaian Minister of Lands, Forestry and Mines.

“**Mtpa**” means million tonnes per annum.

“**mineralization**” refers to the presence of a mineral of economic interest in a rock.

“**NEOs**” means Named Executive Officers in accordance with Form 51-102F6.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators.

“**open pit**” means a surface working pit open to daylight, such as a quarry.

“**ore**” means a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

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“ppb” means particles per billion.

“ppm” means particles per million.

“PRP” means a Performance Rights Plan.

“QA/QC” means Quality Assurance and Quality Control.

“**Qualified Person**” conforms to that definition under NI 43-101 for an individual: (a) to be an engineer or geoscientist with at least five years’ experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) with experience relevant to the subject matter of the mineral project and the technical report; and (c) is in good standing with a professional association and, in the case of a foreign association listed in Appendix A to NI 43-101, has the corresponding designation in Appendix A.

“**RC**” means reverse circulation, a drilling method whereby air or drilling fluid passes inside the drill stem to the bit and returns to the surface via an inner tube carrying rock chips.

“**SEDAR**” means the System for Electronic Documents Analysis and Retrieval.

“**sediment**” means rocks formed by the accumulation of the weathering products of pre-existing rocks.

“**t**” means metric tonne.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**tonne**” means a metric tonne, being 1,000 kilograms (2,205 pounds).

“**Wa Gold Project**” consists of the Wa-Lawra reconnaissance license, Somoa reconnaissance license, and the Julie, Collette and Josephine prospecting licenses, located approximately 1,000km north-north-west of the city of Accra in north-western Ghana, as further described herein.

“**Wa Gold Project Technical Report**” means the technical report entitled “NI 43:101 Azumah Resources Limited, Wa Gold Project, North West Ghana”, prepared by Steven Hodgson BAppSc. (Geology), GradDipInfoSys, MAIG, of CSA Global Pty Ltd. in accordance with NI 43-101.

## **2. CORPORATE STRUCTURE**

### **2.1 Name, Address and Incorporation**

The legal and commercial name of the Company is Azumah Resources Limited.

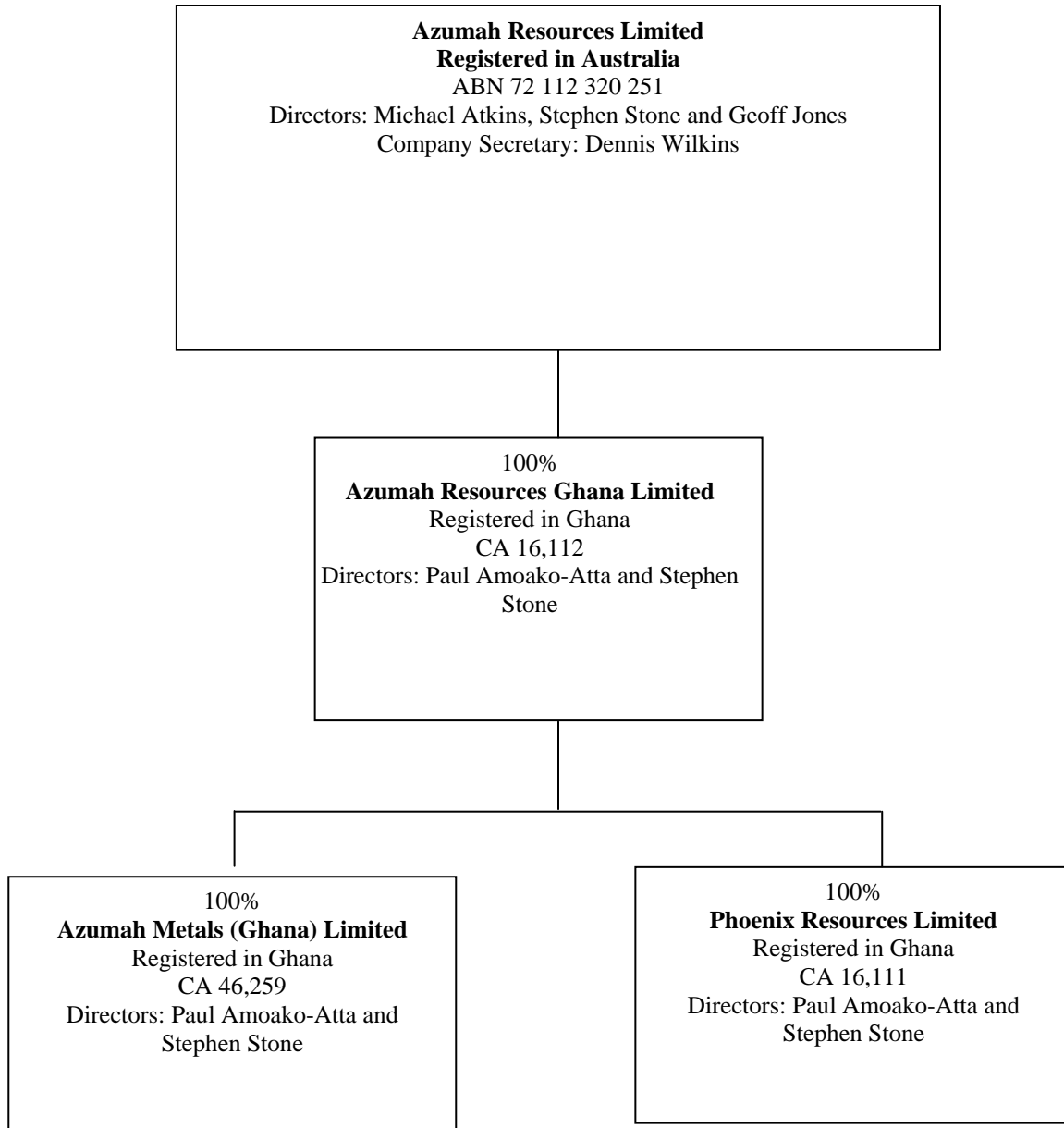
Azumah was incorporated under the laws of Australia, pursuant to the Corporations Act on December 23, 2004 (registered in Western Australia). On October 25, 2005, Azumah filed an initial public offering prospectus with the securities regulatory authorities in Australia. Azumah was admitted to the official list of the ASX and became the Australian equivalent of a reporting issuer on January 4, 2006 and official quotation of the Company’s fully paid ordinary shares commenced on January 9, 2006.

The Company’s registered office is Ground Floor, 20 Kings Park Road, West Perth, WA, Australia 6005 and its principal place of business is Suite 1, 2 Richardson Street, West Perth WA, 6005.

## 2.2 Inter-corporate Relationships

The following chart describes the inter-corporate relationships amongst the Company's subsidiaries as at the date of this AIF.

Azumah Resources Ghana Limited is 100% owned by Azumah. Azumah Metals (Ghana) Limited and Phoenix Resources Limited are 100% owned by Azumah Resources Ghana Limited.



### 3. GENERAL DEVELOPMENT OF THE BUSINESS

#### History

On July 11, 2005, the Company entered into a share sale agreement with Trailstar Limited, Redstar Resources Limited, Bluestar Resources Limited, Bluesky Resources Limited and Falconsand Resources Limited as vendors and Paul Amoako-Atta and Henry Wiechecki as warrantors, for the purchase of Eaglehand Limited, which agreement was varied by a deed dated September 14, 2005 and a further letter agreement dated September 19, 2005.

Pursuant to the above agreement, the Company agreed to acquire all of the issued share capital in Eaglehand from the Vendors, free of all encumbrances. Eaglehand was the holding company of Azumah Resources Ghana Ltd. which in turn owns the tenements making up their Wa-Lawra gold project. On July 29, 2007 Eaglehand transferred 100% of its shareholding in Azumah Resources Ghana Ltd to Azumah. The Wa-Lawra gold project comprises two reconnaissance licences, one of which contains eight prospecting licences, totalling over 3,100km<sup>2</sup> and encompassing 150 strike kilometres of prospective Birimian aged greenstone geology - the host geological formation to several world-class gold deposits in Ghana and West Africa. Less than 50% of the total 150km of prospective Birimian strike has been investigated by the Company.

Under the Julie Purchase Agreement, Collette Purchase Agreement and Josephine Purchase Agreement, Azumah agreed to acquire all of Crew's rights in the three prospecting licences in exchange for 6,000,000 ordinary shares in Azumah, with a further 6,000,000 shares issued on identification of a indicated or inferred JORC Code gold resource of at least 300,000 ounces of gold (shares issued September 2010). The Julie, Collette and Josephine licenses are held by Phoenix Resources Limited, a wholly owned subsidiary of Azumah Resources Ghana Limited.

To date, the Company has discovered 646,000 oz indicated JORC Code resources at 2.1 g/t Au and 519,000 oz inferred JORC Code resources at 1.9g/t Au over the Wa Gold Project. The Company has a strong pipeline of targets yet to be drill tested. The Company has commenced the Feasibility Study on the Wa Gold Project which is currently due for completion in early 2012.

The Company has access to existing infrastructure in Ghana including well maintained local roads, a sealed airstrip, good mobile/satellite coverage, grid power (to be upgraded) and water from the Black Volta river and groundwater. There are no communities that will need to be relocated in the Company's project areas and few artisanal or illegal miners.

#### Fiscal 2009 Highlights

- Completed preliminary Kunche and Bepkong open pit optimisations and mine designs.
- Commenced preliminary mining and development studies for a one million tonnes per annum mining operation including a detailed Environmental Impact Assessment.
- Extended the high-grade, near-surface, oxide zone of gold mineralization at Kunche, with RC drilling returning a best intercept of 29m at 4.02 g/t gold from 6m (KRC163). This new information to be incorporated into the next stage of open pit optimization studies and to assist in targeting additional drill holes aimed at increasing high value, shallow gold resources at Kunche.

- Identified near-surface extensions to gold resource at Bepkong with best intersections of near-surface oxide mineralization including 11m at 5.39 g/t gold from 1m (BRC087). The Company also confirmed extensions to primary gold mineralization at Bepkong, with best intersections including 5m at 3.58 g/t gold from 6m (BRC089), demonstrating that gold mineralization remains open along strike to the south and outside of the current Bepkong mineral resource.
- Discovered a new mineralised zone at Bepkong North, with results including 3m at 1.33 g/t gold from 19m (BNRC004), was intersected within a broad 1.5m geochemical anomaly. The prospect is located 2km north of the Bepkong Resource and is in a geological setting similar to the Kunche-Bepkong mineralized zone.
- Discovered a new mineralized zone at Kunche West, including results of 1m at 7.78 g/t from 3m (KWRC004) and 4m at 1.21 g/t gold from 30m (KWRC003), intersected by wide-spaced reconnaissance drilling within a low grade gold halo.
- Expanded the Company's tenement holdings by acquiring a 100% interest in three new prospecting licences - Julie, Collette and Josephine – located 75km east of the Kunche-Bepkong resource area. The new holdings have a total area of 300 km<sup>2</sup> and contain advanced exploration drilling targets. A large database of historical exploration was acquired with the licences and this, combined with review and drilling by Azumah, confirmed several priority prospects to be infill drilled in the coming exploration campaign.
- Confirmed the continuity of high-grade quartz lode gold mineralization at Julie from work including two RC drilling programs which delivered results including 13m at 2.78 g/t from 10m, 11m at 4.71 g/t gold from 12m and 10m at 3.39 g/t gold from 34m.
- Intersected shallow, high-grade gold mineralisation from the first drilling programme at Collette with an intersection of 12m at 13.13 g/t gold from 24m (ACOR004) associated with laminated quartz veins containing visible gold mineralisation.
- Completed metallurgical test work on representative samples of Kunche and Bepkong primary (unoxidised) and oxide mineralization, which confirmed that Kunche and Bepkong mineralisation is non-refractory. The test work indicated that total gold recoveries exceeding 90% can be obtained and that conventional processing technology comprising gravity separation, followed by carbon-in-leach, will be applicable to the Kunche and Bepkong mining development.
- Completed preliminary bottle-roll metallurgical test work on samples of gold mineralization from the Julie prospect, with initial results confirming gold recoveries of up to 91% from the quartz hosted mineralisation.
- Continued the program of field mapping and rock-chip sampling designed to expand the pipeline of priority exploration target areas close to the Kunche-Bepkong area.
- In July 2008, Azumah completed a private placement to Macquarie Bank Limited of 12.15 million ordinary shares at a price of A\$0.16 per share for aggregate proceeds to the Company of A\$1.944 million. No brokers were involved or fees or commissions payable to Macquarie Bank Limited, which became the Company's largest shareholder with a

13% interest (shareholding as at the date of Macquarie's last substantial holder notice, being June 1, 2011, is 11.26%).

- In May 2009, Azumah arranged a financing, with Perth based Black Swan Equities Limited, in connection with the brokered private placement of 58.33 million ordinary shares at a price of A\$0.09 per share for aggregate proceeds to the Company of A\$5.25 million. Tranche 1 of 8,114,700 ordinary shares were issued immediately to raise \$730,323 and Tranche 2 of 50,218,633 ordinary shares were issued in July 2009 (once shareholder approval for the issue had been obtained).

### **Fiscal 2010 Highlights**

During the year the Company substantially increased its exploration and related operational activities to increase its gold inventory to support the objective of developing the first stand-alone commercial scale gold mining operation at its 100% owned Wa Gold Project. In parallel, it advanced a feasibility study to establish an initial 70,000oz per year gravity and carbon-in-leach gold operation which is specifically designed to be easily expanded as more resources are outlined.

In regards to its exploration activities, Azumah:

- Continued its extensive regional reconnaissance mapping, prospecting and rock chip sampling campaigns and identified numerous new areas of interest requiring follow-up by broad spaced, shallow rapid reconnaissance aircore drilling and where targets are more specific, by RC drilling.
- Discovered new zones of near surface, high-grade gold mineralisation between the established Kunche deposit (JORC Code reported resource estimate of 4.9 Mt at 2.0 g/t Au for 318,000 oz gold indicated resources and 3.6 Mt at 1.7 g/t for 198,000 oz gold inferred resources) and the Bepkong deposit (JORC Code reported resource estimate of 1.04 Mt at 2.5 g/t Au for 82,000 oz gold indicated resources and 1.93 Mt at 2.1 g/t for 130,000 oz gold inferred resources) and similarly to the west and south west of Kunche, to the north, west and south of Bepkong and at Bepkong North.
- Delineated in the east of the Julie licences a maiden JORC Code resource estimate of 3.48 Mt at 2.2 g/t Au for 246,000 oz gold indicated resources and 1.49 Mt at 2.2 g/t for 104,000 oz gold inferred resources) at the Julie deposit with more recent work showing this to be open in all directions and likely to be extended in the medium term.
- Established a maiden JORC Code resource of 9.09 Mt at 2.1 g/t Au for 60,600oz gold inferred resources at the Collette prospect which also remains open in all directions. To the southwest of Collette a southwest trending linear zone of anomalous mineralisation has been identified and further west at the new Kjersti prospect early reconnaissance drilling is identifying yet more zones of mineralisation.
- Expanded overall the project wide JORC Code resource base by over 48% to 9.4 Mt at 2.1 g/t Au for 646,000 oz gold indicated resources and 8.5 Mt at 1.9 g/t Au for 518,900 oz gold inferred resources.
- Completed a high-resolution aeromagnetic survey (approximately 35,000 line km) covering the Company's Vapor licence - which hosts the Kunche and Bepkong deposits - and the three Julie licences. This data will provide an important backdrop upon which to

assess existing exploration data and to generate new targets. It will also provide a critical insight into the macro and micro structural geology, which is the key determinant for the location of gold deposits in the region.

- Completed an orientation gradient array induced polarisation geophysical surveys over key target areas at Kunche and Bepkong. Interpretation of the data has highlighted several areas with similar geophysical signatures to Kunche and Bepkong that have received little if any prior attention.
- Completed the 100% acquisition of the Julie licences - three prospecting licences hosting the Julie, Collette and Josephine prospects. Azumah entered in a sales agreement with Crew, whereby Azumah issued an initial 6,000,000 new ordinary Azumah shares to and more recently, upon the delineation of a plus 300,000oz JORC reported resource, a further 6,000,000 new ordinary shares. Crew is also entitled to a 1% royalty of gross receipts from the sale of gold exceeding 300,000oz produced from the licences.
- Committed to complete a 250,000m combined aircore, RC and diamond core drilling campaign during the financial year ended June 2011.
- Recruited an excellent team of expatriate and local Ghanaian geologists to drive the Company's exploration objectives. This highly experienced and enthusiastic team is assisted by a group of field technicians, as well as a large logistical support crew. Several technical specialists provide further support, as required.

In regards to its Feasibility Study, Azumah:

- Appointed an in-house study manager to coordinate the completion of a Feasibility Study by early 2011.
- Appointed a series of major and sub-consultants with considerable experience in Ghana and project studies generally to provide critical inputs into the Feasibility Study.
- Completed a wide range of preliminary and advanced stage metallurgical test work on representative samples of mineralisation from all zones of all key deposits to determine key operational cost inputs, important plant and infrastructure design criteria and capital costs. Metallurgical test work indicates extraction of gold from the favourable non-refractory mineralisation through conventional gravity/CIL processing yields between 90% and 95% gold recovery.
- Optimised preliminary open pits for the Kunche, Bepkong and Julie deposits which based on a gold price of US\$1,100/oz capture a combined plus 570,000oz at an average grade of 2.16g/t gold and a life of mine strip ratio of 4.8.

In November 2009, Azumah completed a financing, with Perth based Black Swan Equities Limited and Melbourne / Sydney based BGF Securities acting as agents, in connection with the brokered private placement of 21.2 million ordinary shares at a price of A\$0.20 per share for aggregate proceeds to the Company of A\$4.24 million.

In June 2010, Azumah completed a financing, with Toronto based Clarus Securities, Melbourne / Sydney based BGF Securities and Perth based Black Swan Equities Limited acting as agents, in connection with a brokered private placement of 27.9 million ordinary shares at a price of A\$0.40 per share for aggregate

proceeds of A\$11.60 million to the company. This private placement, together with the placement completed in November 2009 introduced to the Azumah share register several leading north American, European and Australasian institutions.

## **Fiscal 2011 Highlights**

### **During the year, the Company:**

- 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 with results (1m samples) confirming 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 previously reported).
- Obtained encouraging results from first-pass RC drilling of artisanal workings at the Kjersti deposit. 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).
- Identified a promising new zone of high-grade gold-bearing quartz veining at Kunche South East, approximately 2.5km south of the Kunche deposit. Best results include 4m @ 1.44g/t Au from 32m, 4m @ 7.61g/t Au from 44m (KAC091) and 4m @ 6.95 g/t Au from 80m (KAC239). This style of rapid reconnaissance aircore drilling is a key strategy of Azumah's regional exploration efforts and is being utilised extensively throughout the project area.
- Located and assessed extensive areas of artisanal mining at the Josephine prospect, 65km east of Azumah's flagship Kunche-Bepkong deposits, which has highlighted a mineralised trend extending for at least 2km. This trend appears to be coincident with a similarly north-west trending, geophysical feature extending for at least 6km.

The artisanal workings indicate that the mineralisation is broad and not confined to narrow structures. It appears to be shallow dipping and closely aligned to zones of intense highly weathered shearing and an array of altered quartz veins occurring throughout the prospect. The mineralisation also appears to dip below cover to the north-west of the current workings.

An auger and RC drilling programme, to follow-up the historical drilling results and test beneath artisanal workings, has been planned and some holes have already completed but recent rains temporarily halted the programme.

- Has been generating and evaluating a variety of step-out targets up to 50km radius from the Kunche-Bepkong deposits and also over to the east at the Julie licence area.

Azumah has been stepping out and intensifying exploration away from the main Kunche and Bepkong deposits. There is minimal outcrop in the region and Bepkong itself was a 'blind' discovery with no outcrop or any artisanal workings to indicate its presence just below surface. Exploration generally comprises geological and structural interpretations

using recently acquired high-resolution airborne magnetics data, mapping and systematic power auger sampling and/or aircore drilling to define targets and follow-up RC and/or diamond drilling to test targets if warranted.

Three extensive, shallow anomalies, extending for several kilometres of strike, have been confirmed by aircore drilling. These anomalies, as well as the Kunche, Bepkong and smaller Yagha and Atikpi deposits, all lie within a well defined north-south trending mineralised 'corridor' which has received only minimal prior exploration.

At Bepkong East, Azumah has been investigating a broad area of generally low-order, aircore drilling confirmed gold anomalism. Some encouraging isolated intercepts such as 8m at 9.19g/t Au from 4m and 4m at 86.37g/t Au from 40m (BAC442) and 4m at 1.52g/t Au (BAC443) have been obtained. Recent follow-up RC drilling (4m composite results only to hand) returned 4m at 4.58g/t Au from 40m, 4m at 3.62g/t Au from 64m and 4m at 1.6g/t Au from 80m (BRC285). Further work is planned to better understand the structure and geology in this area.

Identified targets at Wuhling and Konne during greenfields regional reconnaissance auger drilling and detailed mapping. At Wuhling, coincident gold (peak 91ppb) and base metal (peak 690ppm copper and 590ppm zinc) anomalism has been identified in a corridor of Birimian sediments on the margin of the Wuhling Granite intrusion. Abandoned galamsey workings on wider quartz veining associated with a mapped north-south geological contact in the area is a positive indicator that these veins may be mineralised.

Power auger drill sampling in a completely untested area at Konne, 4km immediately south of Kunche, has returned a number of anomalous gold-in-regolith samples with a peak value of 70ppb Au.

- With the completion of an additional 15,800 line km high-resolution aeromagnetic survey, Azumah has now completed a total 50,000 line km coverage over its entire Wa Gold Project. A leading consulting structural geologist has completed a site-based review of the Wa Gold Project to determine the key structural influences on mineralisation at existing deposits in order to guide exploration at these and at the brownfields scale. In conjunction with Azumah's high-resolution aeromagnetic survey and other datasets, this work is being extrapolated on a broader project scale to enable the identification and ranking of new targets in analogous geological settings.

Induced Polarisation geophysical surveys (dipole-dipole profiles) over the Kunche, Bepkong, Julie, Collette and Josephine deposits have been completed. Preliminary results look encouraging, with several possible new drill targets defined immediately adjacent to, or beneath, planned open pits.

Surface mapping at Kunche and Bepkong was completed during the September quarter and will be used in conjunction with a recently completed structural study and a regional geology interpretation, to develop a geological model for the two deposits. That model will then be used for future near-mine targeting.

- Commenced the 2011/12 field season with initial drill testing underway of a strong IP anomaly immediately west of Kunche. In addition, an aircore drilling programme has been initiated at the Yagha South Prospect, 2km northwest of Bepkong, to resample those areas that are interpreted to have been inadequately screened by historical soil sampling due to thick transported regolith cover.

Azumah is on track to complete its budgeted end-March 2012 \$15 million, 250,000m drilling campaign.

To support its drilling campaigns, Azumah has 16 Ghanaian geologists on site. It also employs some 50 technicians and support staff, most of whom are sourced from the local area and trained by Azumah.

- The Company's new 50-man accommodation camp at its Kalsegra exploration headquarters, 10km east of Kunche, is now fully operational. Exploration on the Julie licences will be run out of a tented camp at Julie and a new exploration office is to be opened in Lawra as a base for planned exploration programmes in the north of Azumah's 3,200km<sup>2</sup> licence holding.
- The Company is conducting a comprehensive review of all historical regional exploration data to establish which areas of interest require priority follow-up. The Basibli and Duri prospects, located approximately 26km and 40km north of Bepkong respectively, are currently regarded as high priority regional targets. The Butele Prospecting Licence, 20-30km south of Kunche, will also be a focus of attention as it appears to be an area of anomalous surface geochemistry.
- Completed the planned programmes of infill drilling at the Kunche, Bepkong and Julie deposits during the September quarter, with results submitted to the Company's Qualified Person who has now commenced an updated estimation of mineral resources. These will provide the basis for the optimisation of Azumah's planned open pits and the finalisation of the Feasibility Study scheduled for early 2012.

New infill drilling results, include some outstanding intercepts demonstrating the continuity of high-grade gold mineralisation over a significant mineable thickness. Furthermore, several intercepts (eg 16.3m @ 1.38g/t Au from 243m - KRCD555) confirm that the mineralisation extends well beneath the base of the current preliminary pit optimisation, in some cases up to 75m.

Azumah's existing mineral resources are being re-estimated, with results from the latest infill drilling programmes and a comprehensive reinterpretation of the mineralised envelopes.

Azumah believes that the overall quantum of mineral resources is unlikely to change substantially with most drilling this past year having been directed at high density infill drilling within existing resource boundaries. This is to provide a greater understanding of and confidence in near-surface, in-pit mineralisation and the transfer of Inferred Resources into higher confidence JORC Code/ NI 43-101 compliant categories of Measured and Indicated mineral resources and, subject to the completion of the Feasibility Study, to Proven and Probable mineral reserves.

In order to avoid unnecessary delays in sample assay turnaround times in the future, the Company is in discussions with several parties regarding the installation of its own sample preparation facility at its Kalsegra exploration headquarters.

- Drilling at the Aduane exploration target, 1km northeast of the Kunche deposit, returned intercepts including 14m at 2.31g/t Au from 13m (KRC478) and 16m at 2.34g/t Au from 23m (KRC480). At the Bepkong South Prospect, 500m due south of the main open pit

planned for Bepkong and immediately east of a planned satellite pit, recent intercepts included 6m at 15.60g/t Au from 53m (BRC230).

Aduane and Bepkong South could both provide additional feed to the planned gold processing plant, which is to be located next to Kunche. Follow-up drilling is planned for Q4, 2011. The exploration successes at Aduane and Bepkong South highlight the fact that there could be more Bepkong-style 'blind' deposits in the vicinity.

- Azumah has made several key appointments to expand the management team and ensure project delivery capability, including the appointment of a General Manager – Geology, General Manager – Corporate and a Project Manager for the Wa Gold Project.

In addition to the in-house appointments, CSA Global Pty Ltd has been appointed as independent geologists to undertake an update of the JORC and NI 43-101 compliant Mineral Resource estimates for the Kunche, Bepkong and Julie deposits. Coffey Mining Pty Ltd has been appointed as project mining engineers to undertake Mineral Reserve estimates, mine optimisation and production scheduling. Lycopodium Minerals Pty Ltd is presently updating project operating and capital cost estimates. The current estimated capital cost of US\$135 million (+/-15%) covers engineering, procurement and construction costs of \$95 million and 'owners' costs of US\$40 million, which includes tailing dam construction, first fill of reagents, contingency and working capital. SAL Consult Limited, a leading Ghana-based environmental consulting group, is completing environmental and social impact studies to support Azumah's application for environmental permits. Tenders have also been received and are being evaluated from three pre-qualified engineering groups for the engineering, equipment procurement and construction management of the project.

In relation to its Feasibility Study, Azumah:

- Received a response from the EPA in relation to the ESIA submitted in May 2010. No major issues were raised by the EPA and the full ESIA remains on track for submission during 2011.
- Made advances on treatment plant equipment sizing.
- Is in the process of completing the design of a Tailings Storage Facility following the characterisation testing of representative tailings samples and geochemical test work on waste and tailings is in progress.
- Completed all key engineering, infrastructure, environmental and social impact inputs.
- Identified the critical path items for finalisation as the finalisation of updated Indicated and Measured JORC Code mineral resources and the completion of mining studies.
- Has completed an 'options' study to assess the merits and impact on operating and capital costs of increasing production by 50% to 1.5 million tonnes per year to produce consistently greater than 100,000oz gold per year. The expansion would essentially comprise incorporation of a ball mill with the existing SAG mill (for which space has already been allowed for in the base case design), and additional tanks in the carbon in leach circuit. An expansion to the tailings treatment facility would also be required. The additional capital cost to achieve a 50% increase in production capacity is in the order of

a 15% increase on the existing total capital cost estimate of \$135m for the base case 1Mtpa plant.

The Feasibility Study is for a nominal 1.0 million tonnes per year gravity / carbon-in-leach gold recovery operation with a planned output of up to 100,000oz gold in the first year treating primarily softer and higher grade near-surface oxide ore and reducing to 70,000 – 80,000oz gold per year as harder ‘primary’ mineralisation is treated. Feasibility Study is on track for completion in early 2012.

In September 2010, a total of 6 million ordinary shares were issued to Crew as additional consideration in accordance with the Julie, Collette and Josephine Purchase Agreements. The shares were issued upon delineation of threshold gold resources on the respective Julie, Collette and Josephine tenements.

In September 2010, 500,000 ordinary shares were issued upon the exercise of unlisted options to raise A\$200,000, and 1,000,000 unlisted options with an exercise price of A\$0.924, expiring December 15, 2013, were issued pursuant to an employment agreement. In November 2010, 1,000,000 ordinary shares were issued upon the exercise of unlisted options to raise A\$350,000. In January 2011, 750,000 ordinary shares were issued upon the exercise of unlisted options to raise A\$225,000. In January 2011, 1,500,000 unlisted options with an exercise price of A\$0.924, expiring December 15, 2013, were issued pursuant to employment agreements. In April 2011, 2,500,000 ordinary shares were issued upon the exercise of unlisted options to raise A\$350,000.

In December 2010, Azumah completed a financing, with Toronto based Clarus Securities, Melbourne/Sydney based BGF Securities acting as agents, in connection with the brokered private placement of 50 million ordinary shares at a price of A\$0.60 per share for aggregate proceeds to the Company of A\$30 million. Major shareholder Macquarie Bank maintained its position as Azumah’s biggest shareholder with a 12% stake (shareholding as at the date of Macquarie’s last substantial holder notice, being June 1, 2011 is 11.26%) and North American institution acquired an initial 8% stake alongside several other North American, European and Australian institutional investors.

In May 2011, Azumah completed a private placement of 3,242,500 ordinary shares in the capital of Azumah in consideration for the purchase of 6,600,000 shares in Castle Minerals Limited (“**Castle**”). The shares were issued at a deemed price of A\$0.54 per share. At that date, Azumah lodged a Notice of Initial Substantial Holder advising ASX that it holds an 11.12% interest in Castle.

In June 2011, Azumah acquired a further 4,141,930 shares in the capital of Castle, increasing its stake in Castle to 15.23%. The additional 4,141,930 shares were acquired in two tranches. 2,891,930 Castle shares were acquired by on-market purchases using Azumah’s cash reserves, at an aggregate purchase price of A\$943,854, which cash reserves will be replenished with the funds received from the private placement financing (discussed below). A further 1,250,000 Castle shares were acquired in consideration for the issue of 757,500 ordinary shares in the capital of Azumah, at a deemed issue price of A\$0.54 per share.

On June 10, 2011, Azumah completed a private placement of 1,696,800 fully paid ordinary shares in the capital of the Company to a European investor at an issue price of \$0.54 cents per share for aggregate proceeds to the Company of \$916,272 (before costs).

In September 2011, Azumah obtained listing of its ordinary shares on the main board of the TSX.

In September 2011, Azumah completed a private placement of 370,000 ordinary shares in the capital of Azumah in consideration for the purchase of 500,000 shares in Castle. The shares were issued at a deemed price of A\$0.50 per share. The Company also completed on-market purchases of Castle shares using cash reserves during August and September 2011 at an aggregate purchase price of \$342,724 for

1,010,211 shares in Castle. On September 30, 2011, Azumah lodged a Notice of Change of Interests of Substantial Holder advising ASX that it holds an 11.12% interest in Castle.

No other matter or circumstance has arisen since June 30, 2011, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

### **Future Plans**

During the December quarter of 2011 Azumah is expecting to undertake or achieve the following:

- progress the new mineral resource updates for the Kunche, Bepkong and Julie deposits;
- commence reserve estimates for input into the Wa Gold Project Feasibility Study;
- undertake initial drill testing of the Kunche West IP anomaly and follow-up of the Aduane and Bepkong South prospects;
- complete a review of all historical exploration data and plan follow-up exploration activities and drilling programmes;
- initiate aircore drilling programmes where historical soil sampling is deemed to have inadequately screened areas;
- advance funding options for the development of the Wa Gold Project.

During the March quarter of 2012 Azumah is expecting to undertake or achieve the following:

- complete the Feasibility Study and obtain updated NI 43-101 report;
- assess financing options for funding of the Wa Gold Project;
- progress expand brown fields and project wide greenfields target generation and drill testing or targets using a combination of power auger, air core, RC drilling and diamond drilling from the three established exploration bases at Kalsegra, Julie and Lawra;
- progress project wide reconnaissance soil sampling programs;
- progress mineral reserve estimates at the Kunche, Bepkong and Julie deposits;
- expand mineral resource in the Kunche-Bepkong camp area especially in vicinity of Bepkong South and Aduane prospects and estimate a maiden mineral resource at these prospects;
- test for depth extensions to the Kunche, Bepkong and Julie deposits;
- submit application to MINCOM Ghana for Mining Licences;
- advance environmental permits applications (already submitted);
- secure other project operating licences such as water licences;

- progress arrangements for power supply and infrastructure;
- appoint EPCM engineers to advance front end design and engineering; and
- expand in house project development team.

## **Competitive Conditions**

### **GHANA**

#### **Location, Population and Economy**

Ghana is situated in West Africa, immediately north of the equator and on the Greenwich meridian. Ghana is bordered to the north and northwest by Burkina Faso, to the east by Togo, to the south by the Atlantic Ocean, and to the west by Côte d'Ivoire (otherwise known as Ivory Coast). Formerly a British colony known as the Gold Coast, Ghana was the first nation in sub-Saharan Africa to achieve independence in 1957.

Ghana has a total area of approximately 239,000 km<sup>2</sup>. Its capital city is Accra, and other major centres include Kumasi, Tema, Tamale and Sekondi-Takoradi. Its population is estimated at 23.9 million people.

#### **Mineral Rights and Mining in Ghana**

The right to explore for minerals and to develop a mine are regulated by the Minister through the Minerals Commission, a governmental organization designed to promote and control the development of Ghana's minerals in accordance with the 2006 Mining Act, as amended by the 2010 Mining Act.

The 2006 Mining Act provides that concessions granted under the predecessor legislation, the 1986 Mining Law would continue to be governed by that statute for a period of five years following passage of the Mining Act.

Under the laws of Ghana, mining may only be carried out by bodies corporate or partnerships registered or established under the laws of Ghana. There are three types of mining rights in Ghana: reconnaissance licences, prospecting licences and mining leases. These rights are acquired by making an application to the Minister through the Minerals Commission. Under the 2006 Mining Act the grant of these rights is discretionary, however, in practice applications are generally considered on a first-come-first-served basis.

The holder of a reconnaissance licence has the exclusive right to carry out reconnaissance for the minerals specified in the licence and to conduct other ancillary or incidental activity within the area covered by the licence. The holder of a reconnaissance licence also has the right to install camps and temporary buildings, but is not permitted to engage in drilling or excavation.

A prospecting licence grants the exclusive right to explore for a particular mineral in a selected area for an initial period not exceeding three years. The holder of a prospecting licence has the right to make boreholes and excavations, install camps and conduct other incidental activities. The licence holder also has the right to conduct such geographic and geophysical investigations in the area of the licence as it considers necessary to confirm the existence of an adequate quantity of geologically proven and mineable reserve of gold. The holder of a prospecting licence is required to commence prospecting activities within three months of issue of the licence. The terms and conditions of a prospecting licence include marking out the prospecting area in a prescribed manner; advising the Minerals Commission of any discovery

within 30 days of the date of discovery; expending the amount specified in the licence application and submitting reports as and when specified; repairing any damage caused by its activities (including filling boreholes and removing camps); and employing and training Ghanaian personnel.

The rights granted by a prospecting licence are subject to certain restrictions imposed by land owner rights including cattle grazing and land cultivation. The holder of a prospecting licence must not hinder or prevent members of the local population from exercising customary rights and privileges in or over a licenced area (including hunting, gathering firewood and collecting snails). The licence holder may however make arrangements with the local landowners for a waiver of these rights, which may include compensation. The compensation may be for deprivation for the use of the land, loss or damage to immovable properties, loss of expected income (if the land is cultivated) but may not include compensation for access to the land, the value of any mineral derived therefrom or loss or damage that is not capable of being assessed according to applicable legal principles.

The holder of a prospecting licence must obtain the prior consent of the Minister prior to conducting any operations: (i) within twenty metres of any building, installation, reservoir, dam, public road, railway or any area appropriated for a railway; and (ii) in any area occupied by a market, burial ground, cemetery or within a town or village or an area set aside for, used, appropriated or dedicated to a public purpose.

The holder of a prospecting licence must surrender, upon renewal, not less than 50% of the area covered by the licence, provided that any such surrender would not leave the licence holder with less than 125 blocks (with one block representing 21 hectares of land).

Prospecting licences may be converted into mining leases upon application and the applicant is not required to provide evidence that a mineral exists in commercial quantities. The area covered by a mining lease shall not be less than 21 hectares representing one block and not more than 300 contiguous blocks. A mining lease confers upon the holder the right to mine for the specified mineral and undertake any operations that are directly or indirectly necessary or incidental thereto. A mining lease is granted for an initial term of up to 30 years and may be renewed for a further period of 30 years. Upon ministerial approval, the holder of a mining lease may suspend operations for a period not exceeding 12 months.

The holder of a mining lease is not required to meet minimum exploration expenditures but is required to submit quarterly, half-yearly and annual reports of the results of its activities and pay ground rent. The Minister may enter into a stability agreement with the holder of a mining lease to ensure that, for a period of 15 years, the licence holder will not be adversely affected by any new enactment, regulation or order (including those relating to the payment of customs duties, royalties and taxes). A mineral right may be cancelled if the holder fails to make payments when due, becomes insolvent or bankrupt, makes a false statement or becomes ineligible to apply for a mineral right.

### **Government Free Carried Interest**

The Government of Ghana is granted a 10% free carried interest in all mining operations and has no obligation to contribute to development or operating expenses. This 10% carried interest also entitles the Government of Ghana to a *pro-rata* share of future dividends.

### **Royalty Requirements**

Under the 1986 Mining Law, the holder of a mining lease was required to pay, quarterly, a royalty of not less than 3% and not more than 12% of total mining revenues. The royalty was 3% when the operating ratio was 30% or less, and the royalty increased 0.225% for each 1% increase in operating ratio until the royalty reached a maximum of 12% at an operating ratio of 70%.

Until recently, under the 2006 Mining Act, the holder of a mining lease was required to pay, quarterly, a royalty of not less than 3% and not more than 6% of total mining revenues. The Government of Ghana determined the royalty rate each year based on the ratio that the operating margin bears to the value of gold produced from a mining lease in that year. Based on draft regulations, the royalty was 3% when the operating ratio was 30% or less, and increased to 0.075% for each 1% increase of the operating ratio to a maximum of 6% at an operating ratio of 70%.

The 2010 Mining Act came into effect on March 19, 2010. This Act amended section 25 of the 2006 Mining Act to impose a flat rate for royalties of 5% on “the total revenue earned from minerals obtained by the holder”. The rate of royalty payable by the holder of a mining lease is therefore a flat rate of 5%.

### **Environmental Regulations**

All environmental matters in Ghana, including those related to mining, are regulated by the *Environmental Protection Agency Act, 1994* and the *Environmental Assessment Regulations, 1999*, administered by the EPA and which govern environmental impact statements, mine operations and mine closures and reclamation. Persons proposing to undertake the mining and processing of minerals are required to register their activities with the EPA and obtain an environmental permit prior to commencing such activities. Additionally, no person may commence activities in respect of an undertaking, which in the opinion of the EPA, has, or is likely to have an adverse effect on the environment or public health unless, prior to the commencement thereof, the undertaking has been registered with the EPA and an environmental permit has been issued by the EPA in respect of the undertaking.

An EIS and baseline study of the EIS must be submitted to the EPA prior to issuance by the EPA of an environmental permit where the undertaking is the mining and processing of minerals in areas if the mining lease covers a total area in excess of 10 hectares. Each environmental permit is valid for a period of 18 months from the date of issue. The EPA is required to hold a public hearing in respect of an application for an environmental permit where there is material adverse public reaction to the commencement of the proposed undertaking, the undertaking will involve the dislocation, relocation or resettlement of communities or the undertaking could have extensive and far reaching effects on the environment.

After the approval of the EIS, an environmental management plan, in respect of operations must be submitted within 18 months of commencing operations and every three years thereafter. Failure to commence operations within the prescribed time period renders the environmental permit invalid and the applicant is required to resubmit an application to the EPA, together with reasons for the new application.

After commencing mining operations, the applicant is required to apply for an environmental certificate that may be issued subject to terms and conditions. The environmental certificate must be obtained within 24 months from the commencement of operations. An environment certificate will not be issued by the EPA until the person responsible for the application has submitted evidence or confirmation of the actual commencement of operations, acquisition of other required permits and approvals and compliance with mitigation commitments provided for in either the EIS or preliminary environmental report. Mining companies are also required to submit annual environmental reports in respect of mining operations.

## 4. DESCRIPTION OF THE BUSINESS

### 4.1 General Description of the Business

Azumah is an ASX listed junior resource company, and TSX listed venture corporation, focused on developing the first stand-alone commercial-scale gold mining operation at its 100%-owned Wa Gold Project, located in the emerging northwest Ghana gold province (Figure 1).

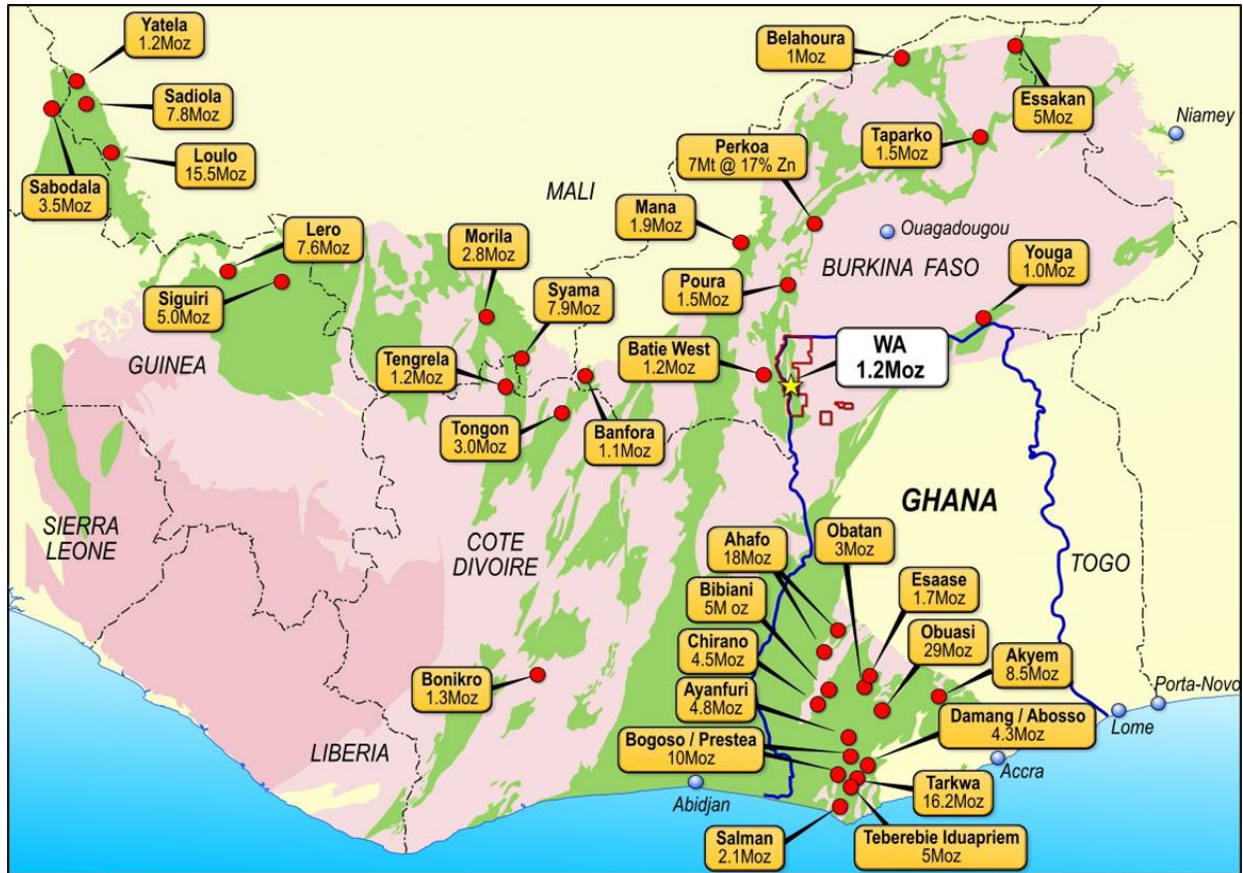


Figure 1 -Regional Geology and Mine Locations.

### 4.2 The Wa Gold Project

In the immediate term, the Wa Gold Project is Azumah's key asset and the Company is planning to bring it into production as soon as possible once all permitting is in hand, mine start-up contingency and working capital is raised, and appropriate markets are secured.

Azumah commissioned CSA to undertake an independent technical review of six prospects within the Ghanaian Wa Gold Project. This report is in fulfilment of the requirements for NI 43-101, Standards of Disclosure for Mineral Projects. The six prospects reviewed are the Kunche, Bepkong, Julie, Collette, Atikpi and Yagha North Deposits.

*The remainder of this section contains the Summary from the Wa Gold Technical Report which report is specifically incorporated by reference herein.*

## **Property Description**

Azumah's Wa Gold Project is located approximately 800km north-north-west of the city of Accra in north-western of Ghana. The northern and western boundaries of the project area coincide with the border between Ghana and Burkina Faso. The Black Volta River defines the western border and the project boundary.

## **Ownership**

Azumah, through the Ghanaian company Azumah Resources (Ghana) Limited, holds the Wa-Lawra Reconnaissance Licence and associated Prospecting Licences while Phoenix Resources, a wholly owned subsidiary of Azumah, holds the remaining tenements. Ownership of the tenements has been confirmed by Reindorf Chambers in Accra. CSA has not undertaken any legal due diligence on the legitimacy or otherwise of the mineral tenements in Ghana, however this was done by Reindorf Chambers at the request of Azumah. CSA has been advised by Azumah that all permits are in good standing with no known encumbrances or have paid the required fees to MINCOM and is waiting for formal acknowledgement. Similarly, CSA has not investigated potential project risks associated with specific national, regional, or district legislative requirements, landowner/occupier issues, or environmental issues.

## **Geology and Mineralization**

The Wa Gold Project occurs in the Palaeoproterozoic Birimian granite-greenstone terrain which is the dominant source of gold in Ghana. The Birimian terrain comprises broadly linear volcanic belts, typically 20-60km wide, separated by broader sedimentary basins. The Birimian units are intensely folded and faulted, metamorphosed to lower greenschist facies, and cut by granitic intrusives. Within the Wa Gold Project, the Birimian units are overlain by less deformed Tarkwa Group. The Tarkwa Group comprises coarse clastic sediments deposited in dominantly alluvial environments.

The Wa Gold Project covers about 70% of the Upper and Lower Birimian exposure typically known as the Wa-Lawra greenstone belt situated within Ghana. The Wa-Lawra greenstone belt displays very similar lithological and structural characteristics to the greenstone belts located in south western Ghana, which host a number of 'World Class' gold deposits of over 5 million ounces. The Wa-Lawra belt is also characterised by major faults traversing the entire length of the project, trending north-south in the northern and central portions of the project, and north-northwest to south south-east in the southern area of the project.

The gold mineralisation is present as sheared quartz veining, with both ductile and brittle/breccia texture, and as sheared meta-sediments and granodiorite without quartz veining.

At Kunché and Yagha North, gold mineralisation occurs in as brittle quartz lode/breccia-hosted with higher grade mineralisation associated with intense silicification with smoky quartz veins, arsenopyrite and pyrrhotite.

At Bepkong and Atikpi, the mineralisation is associated with increased ductile shearing and dismemberment of quartz veins. Plus 1g/t mineralisation occurs within translucent quartz veins and arsenopyrite.

At Julie, gold mineralisation occurs in at least two sets of mineralised quartz veins and in the cataclasite. The mineralised milky or glassy quartz veining has pyrite and may contain magnetite and chalcopyrite. The mineralisation in the cataclasite is associated with pyrite and haematite.

At Collette, gold mineralisation occurs in translucent quartz veins associated with arsenopyrite or pyrite or in sheared, fine-grained meta-sediments with disseminated arsenopyrite.

### **Exploration Concept and Status**

The exploration model consists of regional shearing acting as conduits for auriferous fluids. The exploration methodology is to complete regional surface sampling and drill test anomalous areas. Currently exploration is focused on extending the known mineralisation and improving the classification of the resource to a standard sufficient to commence mining.

The exploration methodology and interpretation of results is logical and systematic.

### **Resource Reserves**

Mineral resource estimates have been completed for Kunche in 2006, Bepkong in 2008, Julie in 2010, Collette in 2010, Atikpi in 2008 and Yagha in 2008. The Bepkong, Julie, Collette, Atikpi and Yagha mineral resource estimates were completed by CSA Global Pty Ltd and the Kunche mineral resource estimate was completed by Resource Evaluations Pty Ltd. These mineral resource estimates have been reported to the ASX and are JORC Code (2004) (and CIM) compliant.

### ***Authors Conclusions***

With respect to the mineral resource estimated at the Wa Gold Project, CSA has concluded that the geological interpretation for geology and mineralisation domains at Kunche, Bepkong, Julie and Collette accurately reflect the data and are suitable for the estimation of the Mineral Resources as defined.

The Atikpi and Yagha deposits were not examined, but occur along strike of the Kunche and Bepkong deposits and form 5% of the estimated Inferred resource.

Exploration work at these deposits is ongoing and results to date are encouraging.

The Indicated and Inferred MREs are presented in Table 1 and Table 2, below.

<b>Mineral Resource Estimate as at February 2011</b>					
*Classifications	Deposit	Cut Off (g/t)	Tonnes (t)	Au (g/t)	Contained Ounces
INDICATED	Kunche	1.0	4,900,000	2.0	318,000
INDICATED	Julie	1.0	3,400,000	2.2	246,000
INDICATED	Bepkong	0.8	1,040,000	2.5	82,000
<b>TOTAL INDICATED</b>			9,340,000	2.1	<b>646,000</b>

Table 1 Indicated Mineral Resource Estimate.

<b>Mineral Resource Estimate as at February 2011</b>					
*Classifications	Deposit	Cut Off (g/t)	Tonnes (t)	Au (g/t)	Contained Ounces
INFERRED	Kunche	1.0	3,600,000	1.7	198,000
INFERRED	Julie	1.0	1,500,000	2.2	104,000
INFERRED	Collette	1.0	900,000	2.1	60,600
INFERRED	Bepkong	0.8	1,990,000	2.1	130,000
INFERRED	Atikpi	0.8	400,000	1.4	15,500
INFERRED	Yagha	0.8	300,000	1.2	10,800
<b>TOTAL INFERRED</b>			<b>8,550,000</b>	<b>1.9</b>	<b>518,900</b>

Table 2 Inferred Mineral Resource Estimate.

\* The Mineral Resource Estimate (MRE) has been classified based on the guidelines documented by the Joint Ore Reserves Committee (JORC, 2004). Differences may occur due to rounding errors.

Mineral Reserves are not available at the time of writing this report.

### **Recommendations**

The Technical Report recommends Azumah complete a structural analysis of the diamond core, in conjunction with mapping and trenching. In addition to developing future exploration targets, structural analysis should be focused on areas considered likely to extend or confirm the extent of current delineated resources.

There are a number of areas where the mineralisation is open (at depth/along strike) and these areas indicate that there is potential for extensions to the mineralisation system and provide opportunity to potentially increase the Mineral Resource estimate.

There are numerous new drill holes in the Kunche, Bepkong and Julie deposits. This new information should be reinterpreted after structural analysis of the diamond core.

The optimum drillholes spacing should be determined for the six deposits.

Geophysical exploration methods should be reviewed to determine if they may assist in targeting potential mineralised structures and increase geological knowledge.

The QA/QC issue of failing standards should be investigated based on date of analysis to confirm that the failure rate has decreased and is restricted to the 2006 and 2008 sampling. It needs to be determined if failing standards are a result of incorrect calibration of laboratory equipment or poor quality standards.

The approximately 10% historical drill hole gold results that lacked QA/QC should be twinned to confirm the gold grades and mineralised widths.

To improve the resource classification, bulk densities from different weathering profiles and rock types will be required.

## 5. RISK FACTORS

***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.

***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.

***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 Canadian or 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.

The government of Ghana also recently announced that it will be engaging companies to address the issue of dividend payment, exemptions and the mining sector fiscal regime, generally. As a result of these discussions, the Ghanaian government has amended the 2006 Mining Act and may amend other laws or regulations resulting in a material adverse impact on the Company including increases in operating costs, capital expenditures or abandonment or delays in development of mining properties.

***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:

- the timing and cost, which can be considerable, of the construction of mining and any required processing facilities;
- the availability and costs of skilled labour and mining equipment;
- the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and
- 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.

***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 the Wa Gold Project 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 below the prices used in the economic analysis contained in this AIF for any sustained period 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

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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.

***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 its 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.

***The Company may have to pay increased taxes to the Government of Ghana***

The Ghanaian Government's most recent budget, which has been approved by Ghana's Parliament, included proposals to (a) increase the corporate tax rate for mining companies from the current 25% to 35%; (b) collect a windfall tax of 10% from all mining companies; (c) introduce a uniform regime for capital allowance of 20% for five years for mining; (d) disallow, beginning in fiscal year 2012, the cost in one contract area to be set off against profits from another (belonging to the same company) in determining chargeable income for tax purposes; and to (e) abolish the National Fiscal Stabilisation Levy.

A bill entitled the *Internal Revenue (Amendment) Act, 2011* was introduced into Ghana's Parliament on December 16, 2011. The Bill proposes to introduce items (a), (c) and (d) above into law. On the same day, a bill entitled the *National Fiscal Stabilisation Levy (Repeal) Act, 2011* was introduced into Ghana's Parliament seeking repeal of the National Fiscal Stabilisation Levy. No bill has been laid for the introduction of the windfall tax as of the date of this AIF. Parliament is scheduled to resume sitting on January 21, 2012. If the above bills are implemented in their current form, the Company will be subject to increased taxes.

***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.

***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.

***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.

***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 mineralization, 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.

***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.

***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.

***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.

***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.

***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.

***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.

***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 minimize 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.

***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.

***Mineral resource and mineral reserve estimates may be inaccurate***

The mineral resources and mineral reserves contained in AIF 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 realized 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.

***Competition could materially adversely affect the Company's prospects***

The mining industry is intensely competitive and the Company competes with many companies possessing greater financial and technical resources than itself. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

***Insofar as certain directors of the Company hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors to the Company and to such other mineral resource companies***

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or

joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

***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.

***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.

***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.

***Estimates and assumptions used in preparing the Company's consolidated financial statements and actual amounts could differ***

Preparation of the consolidated financial statements requires the Company to use estimates and assumptions. Accounting for estimates requires the Company to use its judgment to determine the amount to be recorded in its financial statements in connection with these estimates.

***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.

***The Company's publicly traded securities may be subject to various factors which may make the share price volatile***

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

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

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

***Offshore Investment Fund Property***

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an "offshore investment fund property". These rules could apply to a Canadian resident shareholder in respect of the ordinary shares of the Company if:

(1) the ordinary shares may reasonably be considered to derive its value, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively, "**Investment Assets**"); and

(2) it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Canadian resident shareholder acquiring, holding or having an interest in the ordinary shares was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by such Canadian resident shareholder.

The application of these rules depends, to a large extent, on the reasons for a Canadian resident shareholder acquiring or holding the ordinary shares of the Company. If applicable, these rules would generally require a Canadian resident shareholder to include in income for each taxation year in which such holder holds the ordinary shares, as the case may be, an imputed amount determined by applying a prescribed rate of interest to the “designated cost” to the holder of the ordinary share at the end of each month in the year, less the amount of certain income of the holder from the ordinary share in the year. On August 27, 2010, proposed amendments to the Tax Act governing the taxation of investments in “offshore investment fund property”, which included a proposed increase in the applicable prescribed rate of interest, were released. Any amount required to be included in computing a Canadian resident shareholder’s income in respect of an ordinary share under these rules would be added to the adjusted cost base to the Canadian resident shareholder of such ordinary share.

***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.

***It may be difficult to effect service of process on the Company’s directors, officers and others***

All of the three directors of the Company reside outside of Canada. All of the assets of these persons are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon certain of the directors, officers and experts named in this AIF. It may also not be possible to enforce against the Company, certain of its directors and officers, and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

***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 ordinary shares could fluctuate significantly. The market price of the Company's ordinary shares may fluctuate based on a number of factors in addition to those listed in this AIF, including the Company's operating performance and the performance of competitors and other similar companies, the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Company's ordinary shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of the Company's ordinary shares publicly traded, the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors, and the factors listed under the heading "Cautionary Statement Regarding Forward-Looking Statements".

In addition, the market price of the Company's ordinary shares are affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Company's ordinary shares, and the attractiveness of alternative investments.

## **6. DIVIDENDS**

Azumah has not, since the date of its incorporation, declared or paid any dividends on its ordinary shares and does not currently have a policy with respect to the payment of dividends. For the immediate future, Azumah intends to develop the Wa Gold Project but does not envisage any earnings arising from the early years of production from which dividends would likely be paid. Once the Wa Gold Project becomes operational, Azumah anticipates that it will initially retain future earnings and other cash resources for the operation and development of its business and in order to meet likely project finance commitments that may prohibit the payment of dividends for a period of the envisaged project loan term. The payment of dividends in the future will depend on the earnings, if any, and Azumah's financial condition and such other factors as the directors of Azumah consider appropriate.

## **7. DESCRIPTION OF CAPITAL STRUCTURE**

### **7.1 Authorized and Outstanding Capital**

Azumah is an Australian company and has, pursuant to the Corporations Act in Australia, no limit to the number of ordinary shares it may issue subject to the ASX listing rules as set out below. At the date of this AIF, January 1, 2012, Azumah had an aggregate of 282,020,356 fully paid ordinary shares issued and outstanding.

The holders of the Company's ordinary shares are entitled to:

- vote at all meetings of shareholders of Azumah, except meetings at which only holders of a specified class of shares are entitled to vote;
- receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Azumah, any dividends declared by Azumah; and
- receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Azumah, the remaining property of Azumah upon the liquidation, dissolution or winding-up of Azumah, whether voluntary or involuntary.

The ordinary Shares do not carry any pre-emptive, redemption, conversion or exchange rights, nor do they contain any sinking fund or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a security holder to contribute additional capital. Under the ASX listing rules, a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of securities would exceed 15% of the total from the number of fully paid ordinary securities on issue at the commencement of that 12 month period plus the number of fully paid ordinary securities issued in the 12 months under certain exceptions or with shareholder approval plus the number of partly paid securities that have become fully paid securities in the 12 months less any fully paid ordinary shares cancelled in the 12 months. Two of the aforementioned exceptions are: (i) an issue of securities which is approved in advance by shareholders at a general meeting; or (ii) an issue of convertible securities where the conversion of such securities is subject to shareholder approval.

## 7.2 Options to Purchase Ordinary Shares

The following table shows the number of unlisted options to purchase ordinary shares of Azumah issued and outstanding as at the date of this AIF.

Grant Date	Number	Exercise Price	Expiry Date
February 21 2007	750,000	A\$0.40	January 31, 2012
April 30, 2008	2,500,000	A\$0.14	April 30, 2013
May 21, 2010	4,500,000	A\$0.26	December 15, 2013
January 27, 2011	500,000	A\$0.924	December 15, 2013
December 15, 2011	2,000,000	A\$0.60	November 30, 2014
Total:	10,250,000		

## 7.3 Rights to Acquire Ordinary Shares

The following table shows the number of unlisted performance rights to acquire ordinary shares of Azumah issued and outstanding as at the date of this AIF.

Grant Date	Number	Exercise Price	Expiry Date
December 19, 2011	2,000,000	Nil	November 30, 2014
Total:	2,000,000		

## 7.4 Principal Holders of Voting Securities of the Company

To the knowledge of the directors and senior officers of the Company there are no persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, voting securities of the Company carrying more than 10 percent of the voting rights attached to any class of voting securities of the Company as of the date of this AIF, other than described below:

Name of shareholder	Number of securities beneficially owned, or controlled or directed, directly or indirectly by the shareholder	Percentage of the class of outstanding voting securities of the Company represented by the number of voting securities so owned, controlled or directed, directly or indirectly
Macquarie Group Limited	31,457,705	11.26%

## 8. MARKET FOR SECURITIES

### Price Range and Trading Volume of Shares

The ordinary shares of Azumah are currently listed on the TSX under the trading symbol “AZR”. The following table sets forth the reported high and low prices and the trading volume for the Company’s ordinary shares on the TSX for each month since admittance to the TSX on September 3, 2011 and until the date of this AIF.

Month	High (C\$)	Low (C\$)	Volume
September 2011 .....	-	-	0
October 2011 .....	-	-	0
November 2011 .....	0.41	0.41	100,000
December 2011 .....	0.45	0.40	265,250

The ordinary shares of Azumah are currently listed on the ASX under the trading symbol “AZM”. The following table sets forth the reported high and low prices and the trading volume for the Company’s ordinary shares on the ASX for each of the last 12 months of the most recently completed financial year and until the date of this AIF.

Month	High (A\$)	Low (A\$)	Volume
July 2010 .....	0.42	0.35	12,885,500
August 2010 .....	0.61	0.38	32,189,900
September 2010 .....	0.75	0.56	40,603,100
October 2010 .....	0.80	0.57	26,274,900
November 2010 .....	0.82	0.63	22,873,200
December 2010 .....	0.79	0.67	16,283,100
January 2011 .....	0.75	0.51	21,000,500
February 2011 .....	0.71	0.57	12,893,100
March 2011 .....	0.68	0.49	19,487,700
April 2011 .....	0.75	0.56	16,338,300
May 2011 .....	0.62	0.46	17,430,100
June 2011 .....	0.61	0.48	11,010,000
July 2011 .....	0.61	0.53	7,524,900
August 2011 .....	0.57	0.42	13,907,380
September 2011 .....	0.54	0.35	8,325,514
October 2011 .....	0.45	0.35	5,374,474
November 2011 .....	0.52	0.37	13,537,989
December 2011 .....	0.51	0.38	8,069,769

## 9. DIRECTORS AND OFFICERS

### 9.1 Name and Occupation

The names and municipalities of residence of the directors and officers of Azumah, positions held by them with Azumah and their principal occupations for the past five years are as set forth below. Information presented is as of the date of this AIF.

#### Directors

Name	Residency	Current Office with Azumah	Principal Occupation <sup>(1)</sup>	Date Appointed	Term Expiry
Michael Atkins	Australian	Director, Non-Executive Chairman Member of Audit & Remuneration Committees	Director – Corporate Finance for Patersons Securities Limited <sup>(4)</sup>	October 20, 2009	<sup>(3)</sup>
Stephen Stone	Australian	Director, Managing Director	Managing Director of the Company <sup>(5)</sup>	November 3, 2006	<sup>(2)</sup>
Geoffrey Jones	Australian	Director Member of Audit & Remuneration Committees	Chief Operating Officer at GR Engineering Services Limited <sup>(6)</sup>	October 20, 2009	<sup>(3)</sup>

Notes:

- (1) During the past five years, except as otherwise specified, each of the foregoing directors has been engaged in the principal occupation shown in that column opposite his name.
- (2) Pursuant to Azumah's constitution, the managing director is entitled to hold office for either a fixed term or at will, but not for life. The service agreement with Mr Stone allows for a rolling 12 month term, with the term being automatically renewed for another 12 month at the end of each term.
- (3) One third of the directors (other than alternate directors and managing director) are required to retire, and are eligible for re-appointment, at the Annual General Meeting of Shareholders or if the number of directors is not a multiple of 3, then such number as is appropriate that no director (other than the managing director or alternate directors) holds office for more than 3 years.
- (4) Mr Atkins was appointed as Director – Corporate Finance at Patersons Securities Limited in February 2009 and was Executive Chairman of Montagu Stockbrokers Ltd for the balance of the past five years.
- (5) Mr Stone joined Azumah as its Non-Executive Chairman in November 2006, was appointed its Executive Chairman in December 2007 and its Managing Director in October 2009.
- (6) Mr Jones has been Chief Operating Office at GR Engineering Services for 8 months. Previously, Mr Jones was General Manager Metals for Sedgman Limited for 2 years, and Managing Director of Brumby Resources for the balance of the past five years.

#### *Director Biographies*

##### **Michael Atkins – Chairman**

Mr. Atkins is a Fellow of the Australian Institute of Company Directors, and has a Bachelor of Commerce degree from the University of Western Australia. He commenced employment as an accountant with Arthur Andersen & Co in 1976. Mr. Atkins was a partner of Ansell Price and Atkins, and its succeeding firm Duesburys, a leading national accounting firm, from 1979 until 1987. Since 1987 he has been

involved in the management of several publicly listed companies in the resources sector including gold, mineral sands and petroleum exploration and production.

In July 2003 Mr. Atkins was appointed Executive Chairman of Montagu Capital Ltd, the parent of Montagu Stockbrokers Pty Ltd. He was also the Executive Chairman of Montagu Corporate Pty Ltd. (also a subsidiary of Montagu Capital Ltd.).

In February 2009, with the acquisition by Patersons Securities Limited of Montagu Stockbrokers Ltd., Mr. Atkins was appointed a Director - Corporate Finance at Patersons and provides corporate advisory services covering mergers and acquisitions, capital raising and debt financing advice. Michael has been involved with the formation of, and capital raising for, many emerging companies including overseeing many IPO's of Australian companies in the resources sector.

Mr. Atkins was the founding Executive Chairman of Gallery Gold Ltd between 1993 and 1999 and a non-executive director for a further year until his retirement in 2000. Gallery Gold Ltd was listed on the ASX and had gold exploration projects in Botswana and Tanzania, Africa. This company discovered and later operated a gold mine in Botswana producing gold at the rate of 100,000 ounces per annum, and had a market capitalization of over \$300million when it was taken over by Canadian listed company IAMGOLD Corporation in 2006.

He was until January 2006 Chairman of Marion Energy Ltd (formerly Carpenter Pacific Resources Ltd.), also listed on the ASX. During the period from January 2004 when he was appointed Chairman until he left the Board in January 2006, Marion went from a small oil and gas company with a market capitalisation of approximately \$A10million to an emerging oil and gas company with extensive interests in the USA and having a market capitalization of over \$A150million.

As Managing Director, and later a non-executive director, of Claremont Petroleum NL and its subsidiary Beach Petroleum NL during the period of November 1990 until 1995, Mr. Atkins played an important part in the restructure of Beach Petroleum from the brink of insolvency, enabling it to later emerge into one of Australia's most successful oil and gas companies with a market capitalization in excess of \$1billion.

He has also been involved with the formation of, and capital raising for, many emerging companies. He has acted as a director and advisor in both publicly listed and private companies, and has been an executive director of numerous publicly listed Australian resource companies with operations in SE Asia, Africa, North America and Australia.

Mr. Atkins is currently Director- Corporate Finance at Patersons Securities Limited, non- executive Chairman of Westgold Resources NL, Azumah and Legend Mining Limited, all ASX listed gold and base metals exploration companies.

### **Stephen Stone – Managing Director**

Mr. Stone graduated with honours in Mining Geology from University of Wales, Cardiff and has since gained over 30 years operating, project evaluation, executive management and corporate development experience in the international mining and exploration industry.

Mr. Stone worked for several years at the large open pit and underground copper mines of ZCCM on the Zambian Copperbelt. He came to Australia in 1986 and since then has established, acquired projects and

raised capital for several listed junior explorers. He has travelled widely and has visited and evaluated many mining and exploration projects throughout the world.

He joined Azumah as its Non-Executive Chairman in November 2006, was appointed its Executive Chairman in December 2007 and its Managing Director in October 2009.

Mr Stone is a Member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Australian Institute of Company Directors, a member of the Editorial Board of International Mining Magazine and a non-executive director of Avalon Minerals NL.

#### **Geoff M Jones – Non Executive Director**

Mr. Jones is a civil engineer with over 27 years experience in construction, engineering, minerals processing and project development in Australia and overseas.

Mr. Jones previously worked for Baulderstone Hornibrook, John Holland, Minproc Engineers and Signet Engineering before serving over six years as Group Project Engineer for Resolute Mining Limited, where he was responsible for the development of its mining projects in Australia, Ghana and Tanzania. He founded his own project management and engineering consultancy concentrating on the management of projects for ASX listed companies in the resources sector. Most recently, Mr. Jones was General Manager of Sedgman Limited's metals engineering business and also responsible for the strategic development of the metals engineering division internationally.

Mr. Jones was formerly a non-executive director of Adamus Resources Limited and is currently non-Executive Chairman of Brumby Resources Limited and a non-executive director of Energy Metals Limited. Mr. Jones is currently the Chief Operating Officer at GR Engineering Services Limited, an ASX listed company.

#### **Executive Officers**

<b>Name</b>	<b>Residency</b>	<b>Current Office with Azumah</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Date Appointed</b>	<b>Term Expiry</b>
Dennis Wilkins	Australian	Chief Financial Officer Company Secretary	Chief Financial Officer and Company Secretary	July 19, 2005	<sup>(2)</sup>

Notes:

- (7) During the past five years, each of the foregoing executive officers has been engaged in the principal occupation shown in that column opposite his name.
- (8) No set term, appointment is at the discretion of the Board.

#### ***Executive Officer Biographies***

##### **Dennis Wilkins –Chief Financial Officer and Company Secretary**

Dennis Wilkins is the principal of DWCorporate, a specialist provider of corporate services to the resources sector. Mr. Wilkins has been a director and company secretary of, or acted in a corporate advisory capacity to, listed resource companies for over 20 years. His experience includes senior roles for a private merchant bank in the United Kingdom and resource postings to Indonesia, South Africa and

New Zealand in managerial roles. Mr. Wilkins holds a B.Bus AICD (Australian Institute of Company Directors) ACIS (Chartered Secretaries of Australia member).

Mr. Wilkins was Finance Director and company secretary for resource company Lynas Corporation Limited from 1997 to 2001. Lynas discovered, developed and operated two separate gold mines in Australia which entailed feasibility studies and financings associated with such undertakings including debt, equity and treasury management. Mr. Wilkins was also part of the management team (responsible for finance) that steered Lynas into the rare earths project that it currently operates. This included off take negotiations with customers, debt providers and feasibility study management.

Mr. Wilkins was a founding director and shareholder of Marengo Mining Limited from 2002 to 2008 where he was responsible for finance of the ASX listed entity from inception until shortly following that company's admission to the TSX.

He was a founding director of iron ore producer Atlas Iron Limited in 2004 and acted as and company secretary/CFO for that company from 2004 to 2006, which involved him in all of the early financings associated with the start up phase of that company.

Mr. Wilkins acted as company secretary/CFO for Dragon Mining Limited, which operates the Svartliden Gold Mine in Sweden, from 2005 to 2007. During his tenure he managed multijurisdictional financings, multi currency treasury management and hedging as well as conventional convertible note financing, structuring and implementation.

Between 1989 and 1993 Mr. Wilkins' domicile was England where he was Company Secretary and CFO for the private merchant bank of the Guinness Family (brewing).

Mr. Wilkins was appointed Company Secretary and Chief Financial Officer on July 19, 2005.

## 9.2 Security Holdings

As of the date of this AIF, the directors and officers of Azumah and its subsidiaries, as a group, beneficially owned, directly or indirectly, or exercised control or direction over ordinary shares of the Company, as set out in the table below:

	Ordinary Shares		Options Over Ordinary Shares		Performance Rights to acquire Ordinary Shares		Total securities	% of total securities <sup>(6)</sup>
	Direct	Indirect	Direct	Indirect	Direct	Indirect		
Michael Atkins	-	200,000 <sup>(1)</sup>	2,000,000		-	-	2,200,000	0.75%
Stephen Stone	-	7,633,633 <sup>(2)</sup>		5,500,000 <sup>(3)</sup>	-	2,000,000 <sup>(4)</sup>	15,133,633	5.14%
Geoff Jones	-	-	2,000,000		-	-	2,000,000	0.68%
Dennis Wilkins	-	200,000 <sup>(5)</sup>	-	200,000 <sup>(5)</sup>			400,000	0.14%

Notes:

- (9) Held through Windamurah Pty Ltd.
- (10) Held through The West One Super Account.
- (11) Held through The West One Super Account & The Pearlstone Family Account.
- (12) Held through The Pearlstone Family Account.
- (13) Held through Mr Wilkins' spouse.
- (14) Total securities includes all ordinary shares on issue, outstanding options & outstanding performance rights

### **9.3 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the best of the Company's knowledge, no director, executive officer or shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company is, or within the 10 years prior to the date hereof has been, a director or executive officer of any other company that, while that person was acting in that capacity: (i) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to hold such position, in the other company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the best of the Company's knowledge, no director or executive officer of the Company, nor any shareholder holding sufficient securities of the Company to materially affect control of the Company has:

- within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold that person's assets;
- been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### **9.4 Conflicts of Interest**

Certain directors and officers of the Company are directors and / or officers of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. However, the directors are required by law to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest that they may have in any material transaction that is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

## 10. EXECUTIVE COMPENSATION

### 10.1 Compensation Discussion and Analysis

Remuneration levels for executive officers, presented as NEO's in accordance with Form 51-102F6, and other senior executives are competitively set to attract and retain appropriate qualified candidates. The Remuneration Committee consists of Michael Atkins and Geoff Jones (Chairman). The remuneration policy of Azumah has been designed to align director, NEO and other senior employee objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Azumah believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group. The Remuneration Committee reviews remuneration levels for NEO's and senior employees. Remuneration levels for non-executive directors are reviewed by the full Board, with the exception of the director concerned.

The board's policy for determining the nature and amount of remuneration for board members, NEO's and senior employees of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior employees, was developed by the board. All executives are remunerated on an agreed daily rate basis. The board reviews packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.
- Executives are also entitled to participate in the employee share and option arrangements.
- Where required, the executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.
- All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$200,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

#### *Fixed remuneration*

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any Fringe Benefits Tax charges related to employee benefits), as well as employer contributions to

superannuation funds. Where appropriate, remuneration levels are reviewed annually in December by the Remuneration Committee which then makes recommendations to the Board.

#### *Performance-linked remuneration*

The Company has recently introduced short term incentives into executive remuneration packages, upon the satisfaction of specific performance goals. The performance goals are based on the Group delineating JORC gold resources of specific sizes and grades with the criteria set individually for the executives in their respective service agreements. No bonuses have been paid during the 2010 financial year.

#### **Summary compensation table**

<b>Name and Principal Position</b>	<b>Financial Year</b>	<b>Salary</b>	<b>Share-based awards</b>	<b>Option-based awards</b>	<b>Non-equity incentive plan compensation</b>		<b>Pension value</b>	<b>All Other Compensation</b>	<b>Total Compensation</b>
					<b>Annual incentive plans</b>	<b>Long-term incentive plans</b>			
		(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)
<b>Stephen Stone<sup>(4)</sup></b> Managing Director	2011	293,000	—	682,248 <sup>(3)</sup>	100,000 <sup>(2)</sup>	—	—	—	1,075,248
	2010	262,300	—	200,604 <sup>(3)</sup>	—	—	—	—	462,904
	2009	190,600	—	—	—	—	—	—	190,600
<b>Dennis Wilkins<sup>(1)</sup></b> Chief Financial Officer and Company Secretary	2011	132,452	—	—	—	—	—	—	132,452
	2010	98,656	—	—	—	—	—	—	98,656
	2009	64,246	—	—	—	—	—	—	64,246

Notes:

- (1) Mr. Wilkins' firm, DWCorporate Pty Ltd is engaged to provide accounting and company secretarial services, including the provision of Mr Wilkins as Chief Financial Officer and Company Secretary. The compensation attributed to Mr Wilkins represents all amounts paid by the Company to DWCorporate Pty Ltd.
- (2) During the 2011 financial year the Remuneration Committee proposed a cash bonus be paid to the Managing Director based on their positive assessment of his performance during the 2010 calendar year. The bonus was approved by the Board and paid during the 2011 financial year.
- (3) Option based payments. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.
- (4) Mr. Stone does not receive additional compensation for serving as a director.

#### *Narrative Discussion*

Mr. Wilkins' firm, DWCorporate Pty Ltd, provided Chief Financial Officer, Company Secretary and other corporate services to the Company during the financial year. The amounts paid were at normal commercial rates.

#### **Outstanding share-based awards and option-based awards**

The following table discloses the individual outstanding share-based awards and option-based awards at the end of the most recently completed financial year to each NEO.

<u>Named Executive Officer</u>	<u>Option Based Awards</u>			<u>Share-Based Awards</u>		
	<u>Number of Securities underlying unexercised options</u> (#)	<u>Option exercise price</u> (A\$)	<u>Option expiration date</u> (date)	<u>Value of unexercised in-the-money options</u> (A\$)	<u>Number of share or units of shares that have not vested</u> (#)	<u>Market or payout value of share-based awards that have not vested</u> (A\$)
<b>Stephen Stone</b> Managing Director	2,500,000 2,500,000	0.14 0.26	30/04/2013 15/12/2013	1,000,000 700,000	— —	— —
<b>Dennis Wilkins</b> <sup>(1)</sup> Chief Financial Officer and Company Secretary	—	—	—	—	—	—

Notes:

- (1) Mr Wilkins' firm, DWCorporate Pty Ltd, provides services to the Company as Chief Financial Officer and Company Secretary. Mr Wilkins has not received option or share based awards attributable to services performed for the Company.

#### **Incentive plan awards – value vested or earned during the year**

The following table summarises the aggregate value of incentive plan awards vested or earned during the most recently completed financial year to each NEO.

<u>Named Executive Officer</u>	<u>Option-based awards – Value vested during the year</u> (A\$)	<u>Share-based awards – Value vested during the year</u> (A\$)	<u>Non-equity incentive plan compensation – Value earned during the year</u> (A\$)
<b>Stephen Stone</b> Managing Director	682,248	—	100,000
<b>Dennis Wilkins</b> Chief Financial Officer and Company Secretary	—	—	—

#### **Employment/Consulting Agreements of NEOs**

The Company has entered into a service agreement with Stephen Stone, as Managing Director and Chief Executive Officer. A summary of the terms of the agreement is as follows:

- Term of agreement –12 month term from January 1, 2010, which is automatically renewed for another 12 months at the end of each that initial, and each further, term;

- For personal use only
- Annual consulting fees of \$276,000 paid to West One Management Pty Ltd., a company controlled by Mr. Stone, with the provision of Mr Stone to act as managing director on a full time basis as a material condition. The fee has been reviewed by the Board in accordance with the review provisions of the agreement and the annual consulting fees are \$310,000 from January 1, 2011; and
  - The agreement may be terminated by the Company giving 6 months' notice in writing, or by Mr Stone giving 3 months' written notice, or applicable shorter periods upon breach of contract by either party.

The Company has entered into a service agreement with Dennis Wilkins, as Company Secretary. A summary of the terms of the agreement is as follows:

- Term of agreement –3 months; notice of termination required; and
- Mr. Wilkins' firm, DWCorporate Pty Ltd, is engaged to provide book-keeping, accounting and company secretarial services. Fees are charged on an hourly basis for each employee of DWCorporate Pty Ltd and all amounts are included in Mr. Wilkins' remuneration.

None of the other directors or NEO's have service agreements in place.

### **Option-based Awards**

Options are issued to directors and executives as part of their remuneration. The options are not issued based on specific milestone criteria, but are issued to the majority of directors and executives of Azumah to increase long-term goal congruence between executives, directors and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

### **Incentive Plan Awards**

Azumah has an ECOP in place which was approved by shareholders on May 18, 2010. The ECOP is a rolling plan and allows the Company to issue up to a maximum 5% of the total number of ordinary shares on issue in the capital of the Company, as options to eligible persons.

The essential features of the ECOP include:

**Eligible Participants:** Any full-time or part-time employees of the Company, including directors of and contractors to the Company. The allotment of options to eligible persons is at the discretion of the board of directors.

Allotment of options to directors is subject to obtaining the approval of shareholders at general meeting.

**Maximums:** The maximum number of securities that is the total of the number of shares the subject of the options which are both unexercised and unexpired and the number of shares issued as a result of the options must not exceed 5% of the issued ordinary shares at any particular point of time. As of the date of this AIF the relevant percentage represented by these securities is 2.39%.

There is no maximum number of securities that may be issued to one individual.

**Price.**

At the time of grant of an option, the directors will specify the exercise price of the option. Without limiting the ways in which the exercise price may be specified, it may include:

- (a) a fixed amount;
- (b) the market price of a share on the date the invitation is made;
- (c) the market price of a share on the date the option is granted;
- (d) the market price of a share on a specified date which is after the date the option is granted; and
- (e) a percentage above the amount in (b), (c) or (d). The method of determining the exercise price for securities under each arrangement.

There is no explicit provision in the plan for the purchase price to be above the current market price of the securities.

**Appreciation Rights:** There is no provision for stock appreciation rights.

**Vesting:** The vesting of stock options under the ECOP is determined at the time of grant and at the discretion of the directors.

**Term:** Up to 5 years from the date of grant.

**Cessation:** Any adjustments to the entitlement of eligible persons will be made in accordance with the Listing Rules of ASX and the TSX.

**Assignability:** The options will be unlisted and not transferable unless the directors in their absolute discretion agree to a transfer.

**Amendment:** The ECOP may be amended by the directors the Company subject to the restrictions imposed by the Corporations Act and the rules of the ASX and the TSX.

**Financial assistance:** The Company does not provide financial assistance to facilitate the purchase of securities under the ECOP.

**Prior Grants:** There are no options previously granted under the ECOP which require shareholder ratification.

Azumah has a PRP in place which was approved by shareholders on 30 November 2011. The PRP is a rolling plan. The Company is not entitled to make an offer under the PRP if offers of performance rights (or other securities of the Company) under the PRP or under similar plans (excluding offers that do not require the use of a disclosure document) in the previous 5 years would exceed 5% of the issued capital in the Company.

The essential features of the PRP include:

**Eligible Participants:** Any full-time or part-time employees of the Company, including directors of the Company. The allotment of performance rights to eligible persons is at the discretion of the board of directors.

Allotment of performance rights to directors is subject to obtaining the approval of shareholders at general meeting.

**Maximums:** The Company is not entitled to make an offer under the PRP if offers of performance rights (or other securities of the Company) under the PRP or under similar plans (excluding offers that do not require the use of a disclosure document) in the previous 5 years would exceed 5% of the issued capital in the Company. As of the date of this AIF the relevant percentage represented by these securities is 1.24%.

The aggregate number of shares issuable to Insiders pursuant to the grant of performance rights under the PRP and any other share compensation arrangement shall not exceed 10% of the shares then outstanding. Insiders shall not be issued, pursuant to the PRP and any other share compensation arrangement, within any one year period, securities convertible into a number of shares which exceeds 10% of the shares then outstanding. As at the date of this AIF, the relevant percentage represented by these securities is 2.13%.

**Price.** Unless the Board otherwise determines, no amount is payable by an eligible employee in relation to the grant of a performance right or on the vesting of a performance right.

**Vesting:** The vesting of performance rights under the PRP is determined at the time of grant and at the discretion of the directors.

**Term:** Up to 5 years from the date of grant.

**Cessation:** Any adjustments to the entitlement of eligible persons will be made in accordance with the rules of ASX and the TSX, and with board and/or shareholder approval.

**Assignability:** The performance rights will be unlisted and, except on the death of a participant, may not be transferred except with the prior written consent of the shareholders, and will lapse immediately if transferred.

**Amendment:** The PRP may be amended by the directors the Company subject to the restrictions imposed by the Corporations Act and the rules of the ASX and the TSX. Certain amendments require shareholder approval, including, but not limited to, amending performance conditions, transfer rights or limits on Insider participation.

**Financial assistance:** The Company does not provide financial assistance to facilitate the purchase of securities under the PRP.

**Prior Grants:** There are no performance rights previously granted under the PRP which require shareholder ratification.

### **Pension Plan Benefits**

The Company does not have any form of pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan. An amount of 9% of salary is paid to a complying superannuation fund of choice for each employee of the Company in compliance with the Australian Government's Superannuation Guarantee Contribution legislation.

### **Termination and Change of Control Benefits**

Except as disclosed above under "Employment/Consulting Agreements of NEOs", the Company and its subsidiaries have no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change in control of the Company, or change in a Named Executive Officer's responsibilities.

### **Director Compensation**

The Board reviews directors' compensation on a regular basis. The Board of Directors takes into account the types of compensation and the amounts paid to the directors of comparable publicly traded Canadian and Australian companies.

<u>Name and Principal Position</u>	<u>Financial Year</u>	<u>Salary</u>	<u>Share-based awards</u>	<u>Option-based awards</u>	<u>Non-equity incentive plan compensation</u>		<u>Pension value</u>	<u>All Other Compensation</u>	<u>Total Compensation</u>
					<u>Annual incentive plans</u>	<u>Long-term incentive plans</u>			
<b>Michael Atkins</b> (Chairman) <sup>(1)</sup>	2011	(A\$) 60,000	(A\$) —	(A\$) 272,899 <sup>(2)</sup>	(A\$) —	(A\$) —	(A\$) 5,400	(A\$) 6,013 <sup>(3)</sup>	(A\$) 344,312
	2010	41,591	—	80,241 <sup>(2)</sup>	—	—	3,743	1,801 <sup>(3)</sup>	127,376
<b>Geoffrey Jones</b> <sup>(1)</sup>	2011	45,000	—	272,899 <sup>(2)</sup>	—	—	4,050	6,013 <sup>(3)</sup>	327,962
	2010	31,072	—	80,241 <sup>(2)</sup>	—	—	2,796	1,801 <sup>(3)</sup>	115,910

Notes:

- (1) Michael Atkins and Geoffrey Jones were both appointed as directors of Azumah on October 20, 2009.
- (2) Option based payments. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.
- (3) Share of directors' and officers' liability insurance paid.

### *Narrative discussion*

During the most recently completed financial year, each non-executive director and the Chairman received fees for services rendered during that year as shown in the above table. Executive officers do not receive additional compensation for serving as directors. Directors are also reimbursed for all reasonable expenses incurred in their capacity of directors. Generally, directors of Azumah do not receive additional amounts for committee participation or special assignments, however should the non-executive directors provide services in excess of those expected of such a position, the Company will provide reasonable

remuneration for those services. There are no other arrangements under which directors were compensated for their services as directors or as consultants or experts during the Company's most recently completed financial year.

## **10.2 Indebtedness of Directors and Executive Officers**

As of the date of this AIF, no director, executive officer or other senior officer of the Company, or any associate of any such director or officer, is, or has been at any time since the incorporation of the Company, indebted to the Company or any of its subsidiaries nor is, or at any time since the incorporation of the Company has, any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## **11. LEGAL PROCEEDINGS**

Azumah is not, and was not during the financial year ended June 30, 2011, a party to or the subject of any legal proceedings. No properties of Azumah are, or were during the financial year ended June 30, 2011, the subject of legal proceedings. No such proceedings are known to be contemplated.

There have been no penalties or sanctions imposed against the Company in the financial year ended June 30, 2011 by: (i) a court relating to securities legislation; (ii) a securities regulatory authority; or (iii) any other court or regulatory body where the penalty or sanction would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreements with a court or securities regulatory authority in the financial year ended June 30, 2011.

Azumah recently applied to the Federal Court of Australia for orders confirming that any offer for sale or sale of shares in the Company that were initially issued pursuant to its Employee and Contractors Option Plan is not invalid by reason of the failure to comply with section 708A(5)(e) of the Corporations Act, and also that certain persons be relieved from any civil liability arising out of contravention of the Corporations Act. The orders were granted by the Federal Court on August 29, 2011.

In terms of background, said plan was drafted so as to permit the issue of options to independent contractors and their employees. The Company was unaware that this had the consequence of the Company being unable to rely on the relief set out in ASIC Class Order [CO 03/184] in relation to the issue of shares upon the exercise of options granted under the Employee and Contractors Option Plan.

As a result, persons who were issued shares on the exercise of options granted under the Employee and Contractors Option Plan and sold those shares within 12 months may have inadvertently and unknowingly been in contravention of the Corporations Act. Similarly, persons who were issued shares on the exercise of other options that the Company had issued and thought (erroneously) had been granted under the Employee and Contractors Option Plan and then sold those shares within 12 months may also have been in contravention of the Corporations Act.

## **12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director or senior officer of Azumah or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued ordinary shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with Azumah within the three years preceding the date of this AIF or in any proposed transaction which has materially affected or would materially affect Azumah except as disclosed below.

### *Loans to related parties*

Azumah has provided unsecured, interest free loans to each of its wholly owned subsidiaries totaling \$35,397,955 (2010: \$16,356,037 2009: \$8,418,493) at 30 June 2011. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognizes an allowance for the impairment loss.

### **13. TRANSFER AGENTS AND REGISTRARS**

Azumah's registrar and transfer agent for its ordinary shares in Canada is Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, Canada and in Australia is Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross, WA, Australia 6153.

### **14. MATERIAL CONTRACTS**

Except as set out below, no material contracts have been entered into by Azumah or its subsidiaries, other than contracts entered into in the ordinary course of business.

- Share Sale Agreement - on July 11, 2005, the Company entered into a share sale agreement with Trailstar Limited, Redstar Resources Limited, Bluestar Resources Limited, Bluesky Resources Limited and Falconsand Resources Limited, as vendors, and Paul Amoako-Atta and Henry Wiechecki, for the purchase of Eaglehand Limited, which agreement was varied by a deed dated September 14, 2005 and a further letter agreement dated September 19, 2005.

Under the agreement the Company agreed to acquire all of the issued share capital in Eaglehand from the vendors, free of all encumbrances. Eaglehand was the holding company of Azumah Resources Ghana Ltd which in turn owns the Wa-Lawra gold project. On July 29, 2007 Eaglehand transferred 100% of its shareholding in Azumah Resources Ghana Ltd to Azumah. The Wa-Lawra gold project comprises two reconnaissance licences, one of which contains eight prospecting licences.

- Tenement Acquisition Agreements – The Company entered into three tenement acquisition agreements with Crew on March 2, 2009. In connection with the agreements, Crew is entitled to a royalty of 1% of the gross receipts from any saleable gold materials produced from any of the Julie, Collette and Josephine prospecting licenses (37/2010, 38/2010 & 39/2010) the subject of the agreements, except for the initial 300,000 ounces of saleable gold materials per each agreement.
- Prepayment Contract, Charge and Services Contract – The Company entered into a Prepayment Contract with Geodrill Limited and Geodrill Ghana Limited on August 26, 2011, being a prepayment of up to US\$3,000,000 by Azumah to Geodrill Ghana Limited to fund working capital expenses of Geodrill Ghana Limited related to the acquisition of drill rigs in connection with the Wa Gold Project. The repayment is established as a set-off for fees to be charged by Geodrill Ghana Limited to Azumah for services to be provided by said company to Azumah in relation to the Wa Gold Project. As a condition precedent, Azumah entered into a services agreement with Geodrill Ghana Limited on August 14, 2011 which set out, the above drilling and other services to be delivered by the company to Azumah. This contract is supported by a charge contract between

Geodrill Ghana Limited and Azumah entered into on August 26, which, in turn, provides for a fixed charge over the financed equipment as security for all liabilities owed by Geodrill Ghana to Azumah pursuant to the above prepayment contract.

## **15. AUDITORS**

The auditors for the Company are BDO Audit (WA) Pty Ltd., 38 Station Street, Subiaco, WA, Australia 6008.

## **16. INTERESTS OF EXPERTS**

Mr. Nicholas Franey is a Qualified Person as defined in NI 43-101 and is a full-time employee of Azumah but does not have, never has had, and will not receive, an interest in the property of Azumah. Mr. Franey is the registered or beneficial owner (direct or indirect) of nil securities in Azumah.

Information relating to the Company's mineral properties in this AIF and the documents incorporated by reference herein have been derived from a report prepared by Steven Hodgson BAppSc. (Geology), GradDipInfoSys, MAIG, of CSA Global Pty Ltd., who is a "Qualified Person" as defined in NI 43-101, and have been included in reliance on such persons' expertise.

Steven Hodgson and CSA Global Pty Ltd, each being companies or persons who have prepared reports relating to the Company's mineral properties, or any director, officer, employee or partner thereof, as applicable, have not received a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned persons, and the directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Company.

With respect to the auditors, BDO Audit (WA) Pty Ltd., have advised the Company that they have not contravened the independence requirements as set out in the Corporations Act and APES 110 Code of Ethics for Professional Accountants.

## **17. ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company's financial statements for the most recently completed financial year. Copies of the above and other disclosure documents may be examined and/or obtained through the Internet by accessing the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.azumahresources.com.au](http://www.azumahresources.com.au).