

Activities Report

September 2019 Quarter

West African focused gold explorer and developer, Azumah Resources Ltd (ASX: AZM) ("Azumah") presents its Activities Report for the Quarter ended 30 September 2019 and in particular developments at its Wa Gold Project, Ghana (Figure 1. Tables 1, A and B).

OPERATIONS

Bepkong Underground Scoping Study

- A Scoping Study to evaluate the technical and commercial merits of mining deeper-level mineralisation at the Bepkong deposit ("Bepkong Underground") has indicated that an underground mining operation could provide a material boost to the already financially robust Wa Gold Project, Ghana ("Project") (ASX release 5 August 2019).
- A Production Target of approximately an additional 154,000oz of contained gold which adds approximately US\$32 million cash flow at a gold price of US\$1,300 per ounce (post-royalty, pre-tax) has been estimated.
- The Bepkong deposit is a key component of the Project for which a Feasibility Study being managed by joint venture partner, Ibaera Capital ("Ibaera"), and based on a 1,028,000oz Ore Reserve (18Mt at 1.77g/t Au) (JORC 2012), is nearing completion (ASX release 30 January 2019).

Feasibility Study progress

- At present, the Project is expected to have a pre-tax NPV_{5%} of US\$177 million, an IRR of 35% and to pay back the US\$117 million establishment capital in 1.6 years. This is based on open-pit optimisations and revenue estimates using a US\$1,300 gold price.
- At an assumed gold price of US\$1,500/oz, and with all other inputs and assumptions unchanged, it is estimated that the Project's pre-tax, post-Government royalty net cash flow could increase to US\$448 million, the NPV_{5%} to approximately US\$309 million and the IRR to approximately 54% (Table 1) (ASX release 11 September 2019). This excludes any benefits arising from the development of the Bepkong Underground deposit.

Table 1

| | US\$1,300/oz Gold ¹ | US\$1,500/oz Gold ¹ |
|-------------------|--------------------------------|--------------------------------|
| Net cash flow | US\$270 million | US\$448 million |
| NPV _{5%} | US\$177 million | US\$309 million |
| IRR | 35% | 54% |

- Following Azumah's election to allow joint venture partner, Ibaera, to sole fund the remaining US\$2.25 million budget to complete the Feasibility Study, the partners agreed that Ibaera may increase its direct interest in the Project by 4%, to a total of 46.5%. Azumah will retain a majority interest of 53.5%.
- With the required funding in place, the Feasibility Study is expected to be completed in Q1 2020.
- The Project joint venture has not made a production decision and its strategic plan to develop a gold mining operation is subject to the results of the completed Feasibility Study and other factors, some of which are beyond its control.

¹ Refer ASX release 30 January 2019. The Feasibility Study is not yet completed. The Ore Reserve estimation and estimates undertaken included a sensitivity analysis at a range of -30% to +30% on a series of key inputs, including the gold price. Net cash flow, NPV and IRR are pre-tax, post-Government royalty. The exchange rate applied was USD/AUD 0.75. All outputs could change. Refer Forward looking Statements below.

ASX & Media Release

25 October 2019

ASX: AZM

www.azumahresources.com.au

Wa Gold Project: Value

2.77Moz Mineral Resource

1.0Moz Ore Reserve

Advanced Feasibility Study

2,400km² fertile terrain

Upside

Growing resources and reserves

Widespread anomalism

Numerous priority targets

Issued Capital

978.6M ordinary shares

45M 3c opts exp 13.11.2021

3M 3c opts exp 30.06.2020

1.5M 3c opts exp 31.01.2021

Directors & Management

Chairman:
Michael Atkins

Managing Director:
Stephen Stone

Non-Executive Director:
Debra Bakker
Linton Putland

Contact

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- Exploration has recommenced following the cessation of seasonal rains. At present, due to still wet ground conditions, it comprises mainly mapping and auger sampling at key targets.

Government

- Discussions are progressing with the Ghana Government on a fiscal stability agreement. The Ghana Government has already demonstrated its strong support for the Project by granting two 15-year mining leases over the Kunche-Bepkong and Julie deposits. In addition, it has already installed a 161kV powerline to the proposed mine gate at no cost to the Project.
- The Ghana EPA is presently evaluating final submissions for the issue of EPA licences for the Kunche-Bepkong and the Julie deposits.

CORPORATE

- On 18 September 2019, joint venture partner, Ibaera, lodged an unconditional all-cash offer to acquire all of the issued shares in Azumah for \$0.028 (2.8 cents) per share ("Offer").
- The Directors of Azumah are advising shareholders to REJECT the unsolicited Offer by DOING NOTHING in relation to the documents sent to them by Ibaera.
- Azumah's Target's Statement, which includes the Directors' recommendation, was released to the ASX on 16 October 2019.
- Azumah retained cash of approximately A\$2.9 million as at 30 September 2019. The Company will incur material but presently indeterminate costs in responding to the Ibaera Offer.
- The Company holds a 12.4% (27.7M shares) shareholding in Ghana neighbour, Castle Minerals Limited (~\$0.22 million as at the date of this Report).

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About Azumah Resources Limited

Azumah Resources Limited is a Perth-based, ASX-listed (ASX: AZM) company focused on exploring and developing the regional-scale Wa Gold Project in the Upper West Region of Ghana, West Africa (Project). All of Azumah's Ghana interests are held through Azumah Resources Ghana Limited (AZG), a company in which Azumah currently holds a 57.5% shareholding.

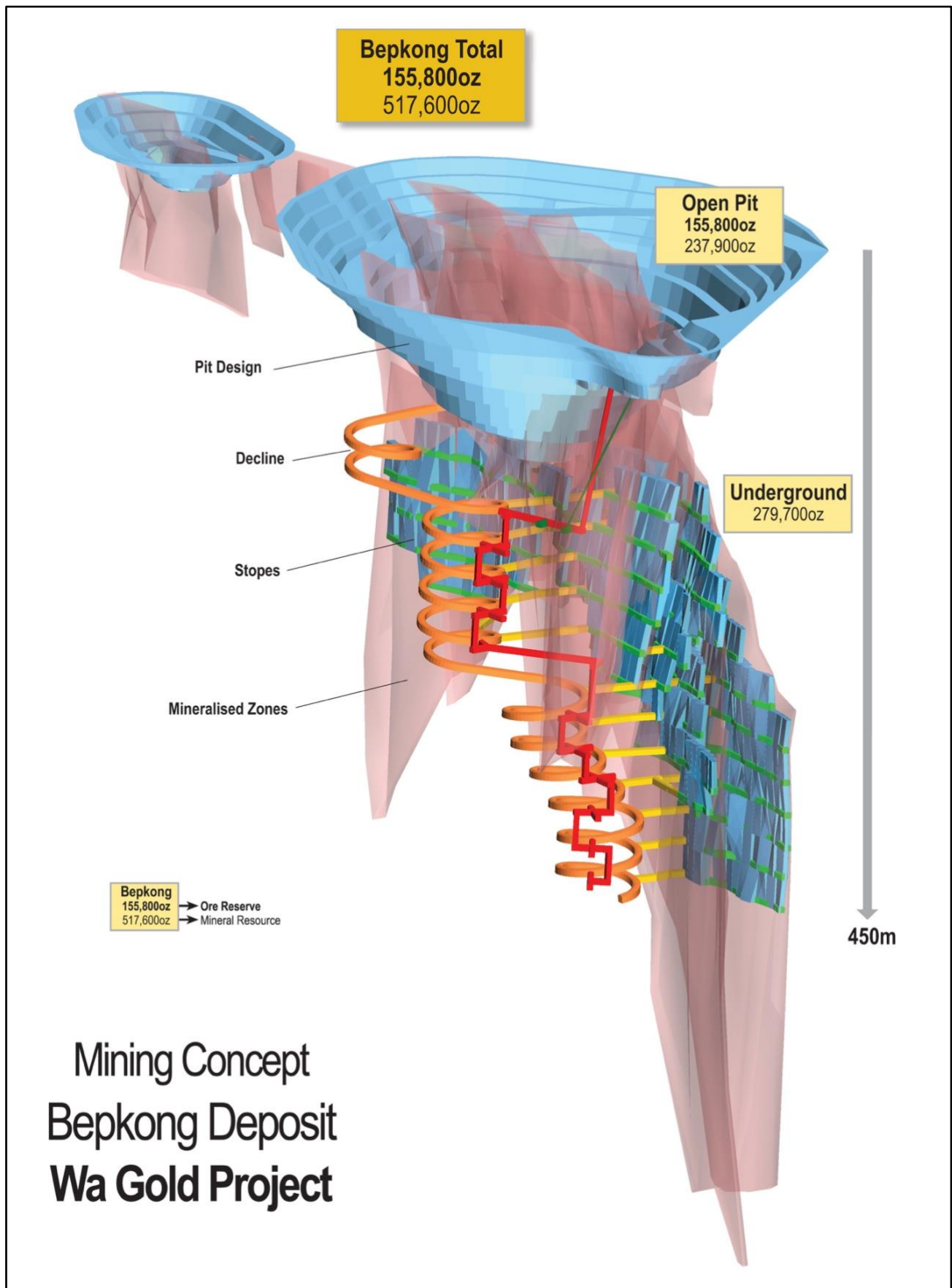
Three main deposits have been discovered and extensively drilled at Kunche and Bepkong, adjacent to the Black Volta River and Ghana's border with Burkina Faso, and at Julie approximately 80km to the east.

Several satellite deposits including Aduane, Kunche Northwest, Yagha, Julie West, Danyawu, Alpha/Bravo, Josephine and Collette have also been discovered and delineated.

To date, the Company has estimated a JORC 2012 Mineral Resource of 2.8Moz of gold grading 1.7g/t Au, including 1.8Moz Measured and Indicated grading 1.8g/t Au. These are evenly distributed between the Kunche-Bepkong and Wa East (Julie deposit etc.) camps.

In January 2019, an Ore Reserve estimate of 1,028,000oz (18Mt at 1.77g/t Au)(JORC 2012) was reported. A Feasibility Study is scheduled for finalisation in early-2020 and a development decision is expected to be made shortly thereafter.

Fig 1: Bepkong Open Pit Design and Scoping Study Underground Mining Concept



Extensive metallurgical test work has confirmed a high average overall gold recovery of ~92% for the combined Kunche, Bepkong and Julie deposits.

Mineral Resources have been progressively grown through a focused, systematic approach to the exploration of the Company's 2,400km² licence holdings. These encompass large tracts of prospective Birimian terrain, the rocks that host the majority of West Africa's gold mines.

Much of the tenure is covered in soil, alluvium or laterite, so most discoveries have been 'blind'. Azumah anticipates Mineral Resources will substantially grow as AZG continues to generate and test its extensive pipeline of targets.

AZG has two 15-year Mining Leases over its principal deposits (the Ghana Government holds a 10% free carried interest in their 'rights and obligations' and is also entitled to a 5% gross gold royalty).

No technical, social or environmental impediments to development have been identified, no communities need to be relocated and rehoused, and there is strong support from key stakeholders for the Project.

The Project benefits from excellent regional infrastructure including grid power to site; good quality bituminised and non-bituminised roads, easy access to water, a 2km sealed airstrip at the regional centre of Wa and good general communications.

Ibaera Funding Transaction

In 2017 Azumah executed an Earn-In and Shareholders Agreement (EISA) with private equity group, Ibaera Capital GP Limited (Ibaera), whereby Ibaera has since earned a 42.5% interest in AZG, and therefore the Wa Gold Project, by spending US\$11.25M over two years (ASX release 11 July 2019). On 24 July 2019, Azumah advised that it had elected to allow Ibaera to sole fund the next approved US\$2.25M budget and programme that is expected to see the Feasibility Study completed ("Additional Earn-In Funding"). Upon funding the Additional Earn-In Funding, Ibaera will earn an additional 4% interest in AZG, total 46.5%, with Azumah retaining majority ownership at 53.5% (refer ASX release 11 September 2019).

Ibaera's owners, principals and management are all highly regarded geologists, engineers and financiers and, pursuant to the EISA, are now managing all facets of the Project.

Previously reported information

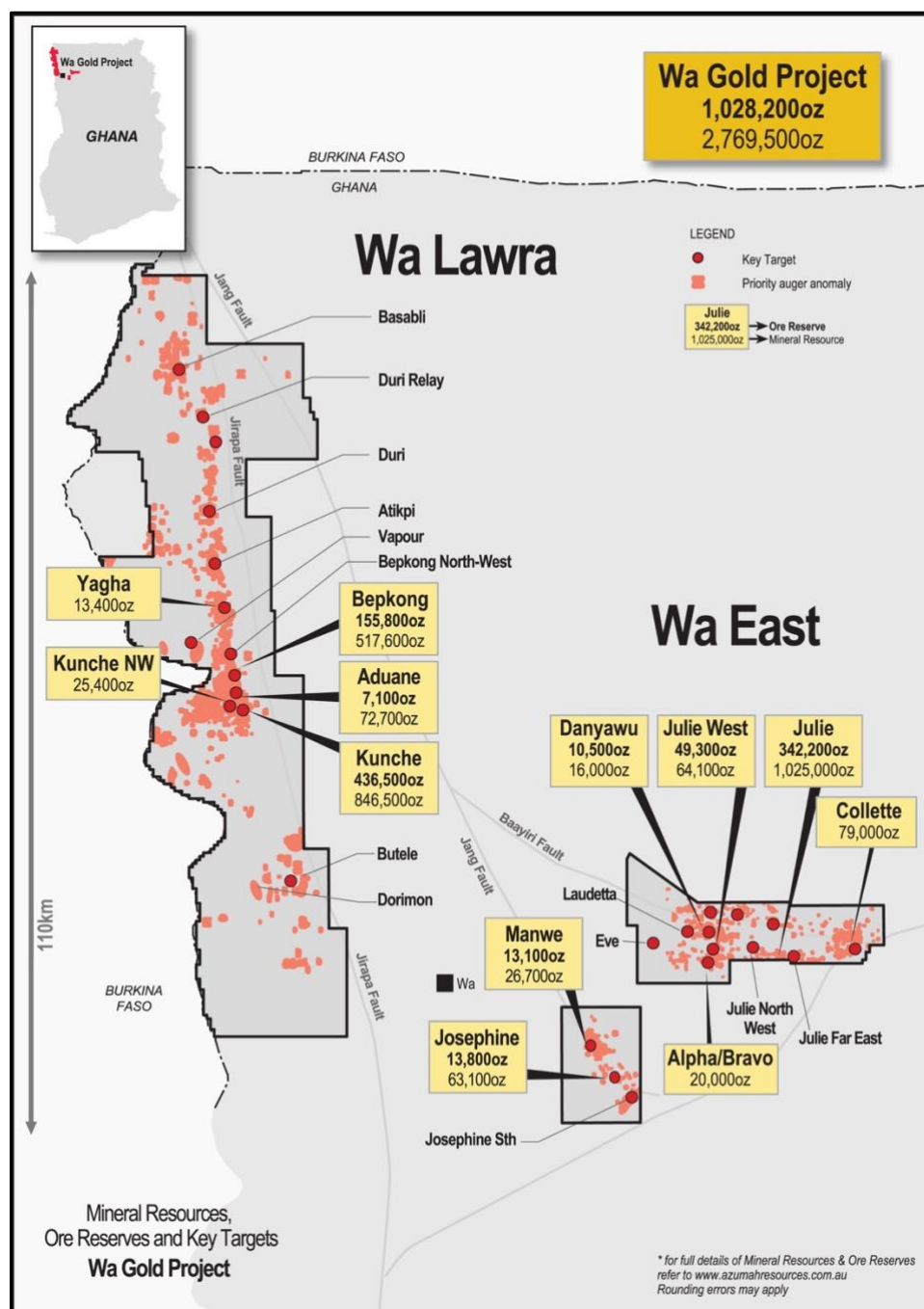
This report includes information that relates to Ore Reserves, Mineral Resources, Pre-Feasibility Study results, Production Targets and forecast financial information derived from Production Targets and Exploration Results which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- Mineral Resources: 2 September 2014 "Azumah Increases Ore Reserves 45%"
- Mineral Resources: 28 September 2018 "Mineral Resources Increased 21% to 2.5Moz"
- Ore Reserves: 30 January 2019 "Ore Reserve and Study Progress Update"
- Mineral Resources: 2 July 2019 "Maiden Bepkong Underground Mineral Resource of 279,700oz at 3.59g/t Au"
- Scoping Study: 5 August 2019 "Bepkong Underground Scoping Study"

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

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

Wa Gold Project: Mineral Resources, Ore Reserves, Key Targets and Prospects



Forward-Looking Statements

All statements other than statements of historical fact included in this document including, without limitation, statements regarding plans and objectives of Azumah, are forward-looking statements. Forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Azumah that could cause Azumah’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained on this website will occur and investors are cautioned not to place any reliance on these forward-looking statements. Azumah does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained on this website, except where required by applicable law and stock exchange listing requirements.

Table A: Ore Reserve Summary – JORC Code 2012 – Updated 30 January 2019

| (As at January 2019) | Proved | | | Probable | | | Total | | |
|----------------------|-------------|--------------|----------------|-------------|--------------|----------------|-------------|--------------|------------------|
| | Tonnes (Mt) | Grade g/t Au | Gold oz | Tonnes (Mt) | Grade g/t Au | Gold Oz | Tonnes (Mt) | Grade g/t Au | Gold oz |
| Kunche | 8.0 | 1.51 | 388,600 | 0.9 | 1.65 | 47,900 | 8.9 | 1.52 | 436,500 |
| Bepkong | 2.4 | 1.65 | 124,400 | 0.7 | 1.41 | 31,300 | 3.0 | 1.59 | 155,800 |
| Aduane | | | | 0.2 | 1.11 | 7,100 | 0.2 | 1.11 | 7,100 |
| Julie | 1.2 | 2.11 | 83,600 | 3.6 | 2.24 | 258,600 | 4.8 | 2.21 | 342,200 |
| Julie West | | | | 0.4 | 3.59 | 49,300 | 0.4 | 3.59 | 49,300 |
| Danyawu | | | | 0.1 | 4.63 | 10,500 | 0.1 | 4.63 | 10,500 |
| Josephine | | | | 0.3 | 1.29 | 13,800 | 0.3 | 1.29 | 13,800 |
| Manwe | | | | 0.2 | 1.91 | 13,100 | 0.2 | 1.91 | 13,100 |
| Total | 11.6 | 1.60 | 596,700 | 6.4 | 2.09 | 431,500 | 18.0 | 1.77 | 1,028,200 |

Numbers have been rounded

Table B: Mineral Resource Estimate – JORC Code 2012 – Updated 19 June 2019

| Deposit | Measured | | | | Indicated | | | Measured + Indicated | | | Inferred | | | Grand Total | | |
|------------------|----------------|---------------|------------|----------------|---------------|------------|------------------|----------------------|------------|------------------|---------------|------------|----------------|---------------|------------|------------------|
| | Cut-Off Au g/t | Tonnes (Kt) | Au g/t | Ounces | Tonnes (Kt) | Au g/t | Ounces | Tonnes (Kt) | Au g/t | Ounces | Tonnes (Kt) | Au g/t | Ounces | Tonnes (Kt) | Au g/t | Ounces |
| Wa-Lawra: | | | | | | | | | | | | | | | | |
| Kunche | 0.5 | 8,835 | 1.6 | 446,000 | 3,404 | 1.3 | 145,000 | 12,239 | 1.5 | 591,000 | 7,616 | 1.0 | 255,700 | 19,855 | 1.3 | 846,500 |
| Bepkong o/c | 0.5 | 3,163 | 1.8 | 185,000 | 728 | 1.4 | 33,000 | 3,704 | 1.7 | 218,000 | 462 | 1.4 | 20,000 | 4,354 | 1.7 | 237,900 |
| Bepkong u/g | 2.0 | 16 | 4.3 | 2 | 1,270 | 4.1 | 165,000 | 1,286 | 4.1 | 168,000 | 1,138 | 3.1 | 112,000 | 2,424 | 3.6 | 279,700 |
| Aduane | 0.5 | | | | 322 | 1.2 | 12,800 | 322 | 1.2 | 12,800 | 1,491 | 1.3 | 59,900 | 1,812 | 1.3 | 72,700 |
| Kunche NW | 0.5 | | | | | | | | | | 694 | 1.1 | 25,400 | 694 | 1.1 | 25,400 |
| Yagha | 0.5 | | | | | | | | | | 333 | 1.3 | 13,400 | 333 | 1.3 | 13,400 |
| Wa East: | | | | | | | | | | | | | | | | |
| Julie | 0.5 | 1,490 | 2.1 | 101,000 | 9,300 | 1.9 | 572,100 | 10,790 | 1.9 | 673,000 | 6,360 | 1.7 | 352,000 | 17,150 | 1.9 | 1,025,000 |
| Collette | 0.5 | | | | | | | | | | 1,690 | 1.5 | 79,000 | 1,690 | 1.5 | 79,000 |
| Julie West | 1.0 | | | | 455 | 4.0 | 58,900 | 455 | 4.0 | 58,900 | 68 | 2.4 | 5,100 | 523 | 3.8 | 64,100 |
| Danyawu | 1.0 | | | | 105 | 4.2 | 14,200 | 105 | 4.2 | 14,200 | 38 | 1.5 | 1,800 | 143 | 3.5 | 16,000 |
| Alpha/Bravo | 1.0 | | | | | | | | | | 148 | 4.2 | 20,000 | 148 | 4.2 | 20,000 |
| Josephine | 1.0 | | | | 709 | 1.5 | 34,500 | 709 | 1.5 | 34,500 | 580 | 1.5 | 28,600 | 1,290 | 1.5 | 63,100 |
| Manwe | 1.0 | | | | 257 | 2.1 | 17,300 | 257 | 2.1 | 17,300 | 192 | 1.5 | 9,400 | 450 | 1.9 | 26,700 |
| Total | | 13,504 | 1.7 | 732,002 | 16,550 | 2.0 | 1,052,800 | 29,867 | 1.8 | 1,787,700 | 20,810 | 1.5 | 982,300 | 50,866 | 1.7 | 2,769,500 |

- Note: Values have been rounded.
- A lower cut-off of 0.5g/t Au was used for Kunche, Bepkong o/c (open-cut), Aduane, Julie and Collette, and a lower cut-off of 1.0g/t Au was used for Julie West and Danyawu. A lower cut-off of 2.0g/t was used for Bepkong u/g (underground).