

Azumah Resources Ltd

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Azumah Resources does A\$17 million earn-in deal

Azumah Resources (ASX:AZM) has entered into a binding term sheet detailing an earn-in of up to 47.5% of its Wa Gold Project in Ghana for an expenditure of US\$13.5 million ~ (A\$17 million).

The two-stage earn-in is over two years and is with Perth managed private equity group, Ibaera Capital GP Limited.

The deal's objective is to boost resources and reserves and deliver a fundable development project.

Under the deal, Ibaera also has the option to invest up to A\$2 million in Azumah shares at a premium of 10% above the 10-day volume-weighted average price by 31 August 2017.

Execution of the full earn-in, investment and joint venture agreement (EIJVA) is expected by 31 August 2017.

Stephen Stone, managing director, commented

"This transaction represents a game changer for the company and another important step in unlocking fundamental value and achieving a market re-rating.

"It's been a tough environment in which to build new projects and having carefully considered several options, we are very pleased to be partnering with Ibaera.

"We are looking forward to working with its team of focused and highly regarded mining industry professionals who have a proven capability in discovery and for driving major projects to production whilst employed at WorleyParsons Ltd (ASX:WOR), Fortescue Metals Group Ltd (ASX:FMG) and BHP Billiton Limited (ASX:BHP).

"Shareholders can expect an increased news flow reflecting a range of value adding investment catalysts as the Ibaera funding injection drives an acceleration of activities."

Building towards a 90,000 ounce per year gold operation

The objective of the deal is to boost gold resources and reserves above the present 2.1 million ounces and 624,000 ounces respectively.

Furthermore it aims to deliver within a two-year time frame, or less, a revised feasibility study to support the funding and development of the presently proposed 90,000 ounce per year gold operation.

Transaction details

Price: A\$0.02

Market Cap: A\$13.98M

1 Year Share Price Graph



Share Information

Code: AZM

Listing: ASX

52 week High Low
0.0374242424p 0.018p

Sector: General Mining - Gold

Website: www.azumahresources.com.au

Company Synopsis:

Azumah Resources Ltd (ASX:AZM) is listed on the Australian Securities Exchange.

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The key provisions of the upcoming EIJVA to be executed by 31 August 2017 include:

- Ibaera may spend an initial US\$11.25 million (~A\$14.3 million) within two years, in accordance with quarterly cash calls, to earn an initial 42.5% interest;
- If additional funds are required to achieve the key objectives of the joint venture, and Azumah elects not to pro-rata co-fund, Ibaera may sole fund the next US\$2.25 million (~A\$2.8 million) and earn an additional 5% interest - total of US\$13.50 million (~A\$17 million) and 47.5%;
- If Ibaera does not fulfil its initial funding obligations of US\$11.25 million, subject to provisions to rectify this, it will withdraw from and not hold any equity in Azumah's African subsidiary;
- The parties will then work together to co-fund all future expenditures and/or secure project development funding with each party having the right to match third party funding terms; and
- Ibaera will have the right, but not the obligation, to subscribe prior to 31 August 2017 (or the date of execution of the EIJVA if earlier) for A\$2 million and an absolute maximum of 65 million new ordinary shares in Azumah at a 10% premium to the 10-day VWAP on the date it subscribes for the shares.

Wa Gold Project

Azumah is exploring and developing its regional scale Wa Gold Project in the West African country of Ghana.

Three main deposits have been discovered and extensively drilled at Kunche, Bepkong and Julie.

To date, the company has defined a JORC 2012 Mineral Resource of 2.06 million ounces of gold grading 1.5 g/t gold across 7 deposits.

The Kunche, Bepkong and Julie deposits have an Ore Reserve of 624,000 ounces gold.

Azumah completed a feasibility study for an open pit mining operation based on an initial seven-year life producing ~90,000 ounces gold per year.

The company has had two, 15-year mining leases granted over its key deposits.

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