

Azumah Resources Ltd

09:15 17 Oct 2019

Azumah Resources issues Target's Statement recommending rejection of offer

Azumah Resources Limited (ASX:AZM) has issued a Target's Statement in which the company's Board of Directors unanimously recommends that shareholders reject the unsolicited off-market cash takeover offer by IGIC Pte Ltd, an affiliate of Ibaera Capital Fund GP Limited.

The directors state that the offer for 2.8 cents per Azumah share can be rejected by simply doing nothing and taking no action in relation to all documents sent by Ibaera.

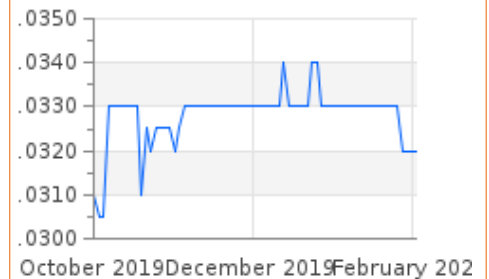
Trading above offer price

Azumah shares last traded at 2.9 cents and have been at or above the offer price of 2.8 cents since the offer on September 18.

In the Target's Statement AZM chairman Michael Atkins said: "Having given it careful consideration, the Azumah directors unanimously recommend that you REJECT the offer.

"Each director currently intends to REJECT the offer in relation to any Azumah shares they own or control."

1 Year Share Price Graph



Share Information

Code: AZM

Listing: ASX

Sector: Gold & silver

Website: www.azumahresources.com.au

Company Synopsis:

Azumah Resources Ltd (ASX:AZM) is a Perth-based company focused on exploring and developing its regional-scale Wa Gold Project in the Upper West Region of Ghana, West Africa. 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.

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Key reasons why you should **REJECT** the Offer



1	Ibaera is seeking to take control of the Wa Gold Project without paying an appropriate control premium	Refer to page 2
2	Ibaera has been prepared to pay substantially more for Azumah Shares than its Offer price	Refer to page 2
3	Accepting the opportunistic Offer could deny you the opportunity to participate in any near-term value uplift in the Project	Refer to page 3
4	The role of project manager may provide Ibaera with an informational advantage regarding the potential value of Azumah Shares	Refer to page 4
5	Ibaera may be considering on-selling Azumah or the Project, denying Shareholders who accept from participating in any upside from this	Refer to page 4
6	If you accept the Offer, you risk missing out if a superior offer from a third party emerges	Refer to page 4

To **REJECT** the Ibaera Offer, simply **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by Ibaera

You should read this Target's Statement in its entirety for further information on the reasons why the Directors unanimously recommend that Azumah Shareholders should reject the Offer.

Atkins provided the following background in his letter to shareholders in the statement:

Background

Since listing on the ASX, Azumah's sole focus has been on development of the Wa Gold Project.

In August 2017, Azumah agreed to a farm-in transaction which enabled Ibaera to earn an initial 42.5% interest in the project by spending US\$11.25 million.

A representative of Ibaera was appointed as the project manager at that time and work began on an updated feasibility study.

A progress update on the feasibility study was released on January 30, 2019 which confirmed the project's robust economics, with ore reserves increasing to 1.03 million ounces of gold against the then gold price of approximately US\$1,300 per ounce.

The feasibility study is expected to be completed early in Q1 2020.

As announced in September 2019, Ibaera has agreed to sole fund an additional US\$2.25 million of project expenditure to earn a further 4% interest in the project, taking its interest to 46.5%.

This expenditure is expected to fund the feasibility study's completion.

The Board's reasons

The chairman also included statements regarding the Board's reasons for the recommendation:

Your directors believe that Ibaera should pay more for your shares if it wishes to secure control of the project. Our key reasons include:

- Ibaera is offering you a discount to the see-through value of Azumah shares of approximately 2.86 cents implied by the recently announced 4% earn-in transaction. In making the offer, Ibaera is seeking to take control of the project - your directors believe that Ibaera should be paying you a premium for this control;
- Ibaera has been prepared to pay substantially more for Azumah shares than its offer price, having paid up to 3.7 cents per Azumah share in 2018;
- The near-term completion of the feasibility study is expected to provide increased certainty on the project and its economics. This is against a backdrop of the gold price having strengthened to approximately US\$1,500 per ounce currently as well as the recent discovery and delineation of the Bepkong underground deposit. If you accept the offer, it will deny you the opportunity to participate in any future value uplift in the project; and
- Ibaera has stated in its Bidder's Statement that, if it is successful in acquiring Azumah, it may seek to sell its interest in Azumah and/or the project. If the offer is successful, Ibaera will receive any premium that may be realised from any such transaction above the price Ibaera is now offering you.

Atkins and fellow directors have advised shareholders to read the entire Target's Statement:

www.azumahresources.com.au/documents/azm_ann_2019101602.pdf

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