

## Minesite.com

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By Our Man in Oz

### **Azumah's Acquisition Of Crew Gold's Ghanaian Ground Should Take It Over The One Million Ounce Mark**

There shouldn't be any need to call for the help of contestants from the controversial quiz show University Challenge to get the answer to the following simple test of arithmetical skills, though the implications of the answer might be lost on that brainy crew. What is the sum of 754,300 and 300,000? If you said: "just over one million", you're spot on, and if you're a follower of gold exploration in Africa you might even recollect that that magic million is the number of ounces that many companies believe is needed for the development of a new gold mine. One of those, a company that's been flying below the radar of many investors, is Azumah Resources, an Australian-based company with its best assets in the north-west corner of Ghana.

Early on Tuesday 3rd March Azumah moved itself up to within spitting distance of the one million ounce mark, not that the company can actually say so, without getting a whack over the knuckles from assorted corporate watchdogs. But Minesite's Man in Oz is not obliged to stick to the strict reporting rules of the ASX, ASIC, JORC, or any other organisation with a name constructed from a bowl of alphabet soup. That's why he feels free to toss the numbers up into the air in a way that no-one else is doing, following Azumah's acquisition of a large tract of ground adjoining its flagship Wa-Lawra project, up along Ghana's border with Burkina Faso.

The acquisition of this property, from Canadian-listed Crew Gold, gives Azumah access to a number of prospects which lie about 75 kilometres east of Wa-Lawra. Despite some excellent drill hits, Crew has not taken its discovery through to a resource or reserve calculation stage, distracted as it's been with other projects and a recent change of management. But the best of Crew's gold assays include 11 metres at 8.47 grams a tonne and 10 metres at an eye-popping 40.61 grams a tonne. Drilling of the quartz reef structures has only gone down 60 metres, so more work is required.

However, this is where Minesite's Man decided to defy the regulators and do a bit of his own fossicking in the numbers. The first piece of evidence came from taking a close look at Azumah's exploration efforts over a cuppa with the company's executive chairman, Stephen Stone. This, on a rather windy day, at the Brew-Ha coffee shop in the Perth suburb of Subiaco. It was there that Stephen confirmed that work at Wa-Lawra has delineated a JORC-Code compliant resource, so far, of 754,300 ounces. That's good, but not quite what's conventionally required to allow him to run down the street shouting "Eureka!" But, says, Stephen, "our target is a million ounces, and right now I'd say we're a little more than half-way there. The million ounces should be sufficient to design a mine with a 10-year life producing 100,000 ounces a year".

Now comes Crew, and while Crew hasn't done all the work requisite to put hard numbers on their portion of the resource, it has chosen 300,000 ounces of gold as one of the trigger points that will allow it to get a bit extra out of the sale. Thus, the terms of the purchase by Azumah of Crew's three prospecting licences include the issue of six million shares, which amounts to 6.15 per cent of Azumah's expanded capital, and the further issue of another six million shares if

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within two years a JORC compliant 300,000 ounces of gold are delineated between the surface and 100 metres.

It might be sheer coincidence that 300,000 ounces is the trigger number at which Crew is issued more Azumah shares, but Minesite's Man doesn't think so. He reckons that both sides of the deal know that Crew is onto something interesting, but that whatever it is, it would be better explored and developed by one owner with a large gold holding rather than multiple owners with smaller interests.

However, Stephen himself is ultra-cautious when discussing what he expected from the newly acquired package of tenements. "We are optimistic that the new ground will in the near term deliver a significant, low-cost increase in gold resources to complement the existing 754,000 ounces at Wa-Lawra", he says. "This is arguably the most important strategic ground acquisition Azumah could have made in Ghana, considerably strengthening the company's already dominant position in the emerging north-west Ghana gold region."

On the market, investors have been slowly re-discovering Azumah, a company which has sometimes struggled to develop traction, partly because of events beyond its control and partly as a result of self-inflicted wounds. Over the past three months Azumah has more than doubled its share price, up from a lowly A4 cents in December when the financial world was in melt-down mode to as high as A8.3 cents this week, a price which capitalises the company on the market at an untaxing A\$7.7 million.

The next step for Azumah is more of the same: more drilling and more field work in both directions along a line of strike from the Kunche and Bepkong discovery zones which contain most of the resource ounces outlined so far. Bepkong in particular is shaping up as the discovery which could transform Azumah from explorer to producer. It lies just two kilometres north of Kunche, and was taken from discovery, with no surface outcrop, to first resource in nine months.

"What we have to do is more old-fashioned, back-to-basics field work to find more gold," Stephen says. "It's becoming fairly obvious that the Wa-Lawra area has a rich gold endowment, and while it's in the north of Ghana that could turn out to be a blessing because most of the action in the country, so far, has been in the south. By focusing on the north we've been able to assemble a large tenement package and quietly get on with the job of exploring what could become a significant discovery. There has been very little drilling outside the Kunche-Bepkong area but we have made extremely interesting discoveries at Basabli, Kuo and Kunche east."

Good as the work Azumah has done on its own has been, the Crew deal could turn out to be the icing on the cake. Even if there is not yet a resource attached to the ground being acquired it seems highly likely that someone at Crew has "joined the dots" from limited drilling to arrive at a "back of the envelope" estimate which entails at least 300,000 ounces of gold. And that's a number which represents much more to Azumah than it does to Crew.