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Azumah raises capital for Ghana gold mine project

Australian junior is raising capital to further explore, define and develop its promising gold projects in northwestern Ghana.

Lawrence Williams
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As yet another indicator that the investment sector is prepared again to put money into promising junior exploration and development projects - particularly in the gold sector - Australian junior Azumah Resources (ASX: AZM) has announced a 'heavily oversubscribed' capital raising of A\$5.25 million to accelerate exploration, resource definition and project development at its highly prospective Wa-Lawra Gold Project and, subject to the successful completion of its acquisition from Crew Gold Corporation, the Wa Project. Both are located in northwest Ghana close to the Burkina Faso border in a geological environment in the Birimian Greenstone belt which already hosts a number of other gold mining operations across West Africa..

The Wa project is 75 km east of Wa-Lawra and both have the potential of development into relatively low cost open pit mining operations with extensive near surface gold mineralisation. The money has been raised through the placement of 58.33 million fully paid ordinary shares in the company at A\$0.09 by Perth-based Blackswan Equities.

According to the company, the placement generated strong support from existing shareholders and new investors.

Significantly, one of the company's major institutional investors, the Metals and Energy division of Macquarie Bank, is participating in the placement thereby increasing its equity in the company to 15.6%. In addition, European and Asia based institutional and sophisticated investor clients of Blackswan have also participated.

At Azumah's wholly-owned Wa-Lawra Gold Project the company has already defined an Indicated and Inferred mineral resource of 754,000 ounces gold. Exploration drilling will target extensions to the existing resources and test high priority targets to define new mineral resources. Azumah has a stated aim to upgrade the initial resource base to 1-2 million ounces of gold to underpin a long-life open pit mining operation.

At the nearby Wa Project Azumah will initially undertake exploration drilling at the advanced Julie and Collette prospects aimed at defining resources amenable to open-pit mining. Azumah is nearing completion of a 3 month due diligence evaluation of the Wa Project and the finalisation of the Purchase and Sale Agreement for the Wa Project is subject to approval by the Board.

According to Azumah's Executive Chairman, Stephen Stone, "This additional funding combined with our outstanding exploration targets and existing mineral resources will increase our ability to achieve our primary objective of delineating sufficient gold mineralisation to underpin a stand-alone, open-cut mining operation in north-west Ghana."