

(SWAZM) Ferret's Stock to Watch: AZUMAH RESOURCES LIMITED

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Ralph Wragg Australian Business News

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CHAIRMAN CONFIDENT OF PROSPECTS AND LIFTS OWN STAKE

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OVERVIEW

It is always reassuring to see directors and management holding significant stakes in their own companies.

This is as long as the market is aware of their interests.

Last week Stephen Stone, executive chairman of Azumah Resources Ltd (ASX:AZM) flagged he had another three million Azumah shares.

This lifted his stake to 4.63 million shares, making him one of the company's substantial shareholders with an interest of 5.7 per cent.

Mr Stone said the share transaction reflected his underlying confidence in the potential of the emerging West African explorer's flagship Wa-Lawra gold project in northwest Ghana, which has a current JORC-compliant resource of over 516,000 ounces of gold at the Kunche prospect.

The Ferret talked to Mr Stone about the country's stability which he says is as stable as Australia, and supports the mining industry.

The chairman noted that with a current market capitalisation of less than \$12 per resource ounce, Azumah is extremely cheap on a fundamental- and peer-comparison basis.

He said that did not include the discovery just made at Bepkong and the other 100km of largely under-explored greenstone belt where it has a growing pipeline of soil anomalies to test.

"We are confident that we will achieve our next objective of delineating a 1 million ounce gold resource, which will enable us to look seriously at the possibility of a stand-alone, open-cut mining operation," Mr Stone continued.

He pointed out that Azumah had some excellent near-surface gold intersections lately but the stock market correction followed by the Opes Prime collapse have taken their toll on the share price.

Recent drilling at the Wa-Lawra Project provided significant exploration success, with best drill results including 16m @ 4.9g/t gold from 50m and 32m at 3.62g/t gold from surface (from the Bepkong prospect); 6m @ 7.33g/t gold from 5m and 7m @ 3.95g/t gold from 10m (immediately east of Kunche); and 8m @ 9.35g/t gold from surface, including 2m @ 34.0g/t gold from 6m (from the Kunche East prospect).

RC and RAB drilling programs will recommence at Wa-Lawra in a few weeks with the aim of delineating an initial JORC compliant resource at Bepkong and testing for possible northern and southern extensions, following-up mineralisation recently identified at Basabli and investigating new targets.

SHARE PRICE MOVEMENTS

Shares of Azumah Resources slipped another 1.4c to 9.6c yesterday after changing hands last week at

13.5c. Rolling high for the year is 28c and low 9c. The company has 81 million shares on issue with a market cap of \$7.7 million.

At the beginning of April Azumah Resources reported that drilling carried out in March at the Wa-Lawra project has extended to over 1.5km the known strike of the structure hosting mineralisation at the recent Bepkong gold discovery.

In addition, assays from one-metre re-splits of four-metre composite samples from Bepkong have confirmed the width and tenor of the impressive intersections previously reported to the ASX, and included:

- * 32m at 3.62g/t gold from surface, including 10m at 6.45g/t gold from 19m;
- * 20m at 2.55g/t gold from 42m, including 2m at 15.5g/t gold from 54m; and
- * 28m at 1.66g/t gold from 24m, including 8m at 2.59g/t gold from 37m.

Bepkong was discovered in December by the first hole into an auger soil gold anomaly 2km to the north of Kunche which intersected 16m at 4.9g/t gold from 50m, including 10m at 7.1g/t gold from 54m

Subsequent RC and diamond drilling in March confirmed near-surface, open-pitiable mineralisation extending over 300m and remaining open to the north and at depth.

Results from an additional 15 holes comprising a series of wide-spaced, reconnaissance traverses - to test the southern extent of the Bepkong anomaly - have now returned up to 8m at 1.58g/t gold (4m composite assays) and provided further encouragement that more mineralisation will be delineated at Bepkong.

At Basibile, 40km north of the 500,000 ounce Kunche gold resource, drilling has made a new discovery of mineralisation again confirming the reliability of Azumah's systematic truck-mounted auger soil sampling approach in the region.

A wide-spaced, shallow depth 42-hole RAB drilling program testing a strong gold-in-soil anomaly with spot values of up to 1.68g/t gold has discovered broad zones.

In March Azumah Resources announced impressive results from the first 21 of a recently completed 36-hole reverse circulation and diamond drilling program at Bepkong, including:

- * 32m at 2.40g/t gold from surface, including 4m at 6.31g/t gold from 20m;
- * 20m at 2.90g/t gold from 44m, including 4m at 10.70g/t gold from 52m;
- * 24m at 2.24g/t gold from 28m; and
- * 12m at 1.71g/t gold from 12m.

These holes were drilled to follow-up an intersection of 16m @ 4.9g/t gold from 50m, including 10m @ 7.1g/t gold from 54m, obtained from the first hole drilled into the northern end of the 1,400m Bepkong power-auger gold-in-soil derived anomaly, just 2km north of the 500,000 ounce Kunche resource. A diamond tail extension to this hole returned 4m at 1.41g/t gold from 81m.

"This definitely heralds Bepkong as a new, near-surface discovery at Wa-Lawra and gives us enormous confidence that we can achieve our next objective of delineating a one-million ounce resource to underpin a possible stand-alone mining operation within our 100 per cent-owned, 2,800 sq km licence area," Mr Stone said.

"These interim results, based on 4m composite samples, confirm an initial 300m of continuous mineralisation at Bepkong."

He said indications are that the mineralised zone will continue to the yet to be drilled north, where shallow alluvial cover masks the geochemical response, and also down dip.

"We are also hopeful that more mineralisation will be identified by the remaining 15 holes testing an 800m southerly extension of the Bepkong soil anomaly.

"Bepkong is just one in a pipeline of many power-auger derived gold-in-soil anomalies that we have generated and ranked all over Wa-Lawra in recent months and which we will be systematically drill testing throughout the year," Mr Stone declared.

BACKGROUND

Azumah Resources was listed on the Australian Stock Exchange in January 2006.

With just under \$3 million working capital, Azumah has sufficient funds to see the intensive work programs it has planned through to completion.

The company is confident that its systematic approach to exploration will deliver additional gold discoveries.

Its Board and management team is very experienced and highly capable across the full range of essential disciplines.

With a team of Ghanaian and Perth-based personnel, and collaborations with a number of highly regarded consultants, Azumah shareholders can be confident that the company is in good hands, the company believes.

Azumah has delivered a JORC compliant resource of over 516,000 ounces of gold at Kunche, with a large number of exciting additional targets now being drilled.

Azumah's aim is to expand this initial resource base to 1-2 million ounces to underpin a long-life open-pit mining operation.

Wa Lawra covers land holding of over 2,800 sq km, including over 100km of strike of prospective Birman greenstone belt - a geological setting known to host world-class gold deposits throughout Ghana and West Africa.

The area was relatively unexplored prior to Azumah's current activities, with only limited early-stage exploration conducted mostly in the 1990s.

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