

Ubika Research INITIATING COVERAGE on Abzu Gold Ltd

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Gold Junior with Assets in Ghana's World Class Gold Belts; Gearing Up for Resource Estimation at Two Advanced Stage Projects

TORONTO, May 8, 2012 - In an initiating coverage research report on [Abzu Gold Ltd.](#) (TSX VENTURE: ABS) (OTCQX:ABZUF), Toronto-based Ubika Research points out that the miner's stock is "steeply discounted" and calculates a Ubika Model Price (UMP) of \$1.08/share, 414% higher than the \$0.21 close on May 7, 2012. Abzu, which has several projects in Africa's second largest and the most mining-friendly nation Ghana, is gearing up for the second phase of drilling. Ubika Research points out that the outcome of this program is likely to provide headlines and short-term catalysts for the company.

According to Vishy Karamadam, Ubika's Managing Director and the lead researcher on the Abzu report: "Based on our research, discussion with management, assessment, and initial drilling results in the Nangodi and Asafo concessions, we estimate a resource of 1 million ounces of gold in the inferred category within the next 12 months. Our valuation and 12-month price target of \$1.08 is based on our 12-month outlook... this stock is steeply discounted with a significant upside potential."

The Ubika Senior Analyst states: "Abzu Gold (TSX VENTURE:ABS) has a JV with Red Back Mining Inc. (100% subsidiary of Kinross) and is well on its way to earning a 51% interest and becoming an operator after spending \$3 million. After a JV is formed, both ABS and [Red Back Mining](#) will contribute proportionally for further development."

The Ubika report says that Vancouver-based Abzu "is well-financed for its next phase of exploration and has a strong shareholder base... with 68% of shares either closely held or with institutional investors... additionally, it has built strategic relationships with local government and is headed by a management team with multinational exploration, technical and business development experience."

Ghana, says Ubika's report, is not only mining friendly but has a "strong legal and mineral title system," which is in Abzu's interest since it has title to or is in option agreement on 16 concessions across five highly productive gold belts. The remaining 10 concessions are under option agreement with Red Back Mining Ghana Ltd. (RBMG), a wholly owned subsidiary of [Kinross Gold Corp.](#), through which Abzu can earn 51% interest of the 90% interest held by RBMG.

Abzu Gold has two highly prospective flagship properties known as Asago and Nangodi, where the company has completed Phase 1 drilling. "In Nangodi, Phase 1 drilling outlined a mineralized gold zone of 1.2 km long, up to 60 metres wide, with intercept to 200 metres vertical depth," states Ubika's report. "The Company plans to initiate Phase 2 drilling (30 holes, >5,000m or metres) in Q2 with a focus to determine the viability of the multi-million ounce resource in Nangodi by the end of 2012. In Asago, Phase 1 drilling intersected high-grade gold mineralization and Abzu intends to initiate Phase 2 drilling (>4,000m) in Q3."

The report points out that Ghana has a long history of gold production (in excess of 100 Moz or mln oz), yielding 3 million ounces per year. British colonialists developed gold mines in Ghana in the late 1800s. Since then, several companies have explored and developed numerous gold mines. The largest of these is the Obuasi mine, which has been operational for 113 years, producing more than 30 million ounces of gold. In the last 14 years, Ghana has attracted several international mining companies such as AngloGold Ashanti, [Newmont Mining Corp.](#), Goldfields Ltd. and Kinross Gold Corp., which have discovered more than 50 million ounces of gold in the last 10 years.

Ubika's report is available at <http://www.smallcappower.com/companies/abzu-gold-ltd/research-reports.html>.

About Ubika Research:

Ubika is an investment research and capital market services firm based in Toronto and Vancouver with a proven track record of identifying and launching coverage of high potential small cap stocks (

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Contact Information

Ubika Research
Vishy Karamadam
647-352-0666
vishy@ubikacorp.com

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