

Azumah Resources Limited

ABN 72 112 320 251

Annual Financial Report

for the year ended 30 June 2008

Corporate Information

ABN 72 112 320 251

Directors

Stephen Stone (Executive Chairman)
Michael Ivey (Non Executive Director)
Joe Ariti (Independent Non Executive Director)

Company Secretary

Dennis Wilkins

Registered Office

Suite 1, 2 Richardson Street
WEST PERTH WA 6005
Telephone: +61 8 9486 7911
Facsimile: +61 8 9486 4417

Solicitors

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

Bankers

National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Barclays Bank of Ghana Ltd
High Street
Accra GHANA

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Auditors

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008

Internet Address

www.azumahresources.com.au

Stock Exchange Listing

Azumah Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AZM).

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Contents

Directors' Report	3
Auditor's Independence Declaration	11
Corporate Governance Statement	12
Income Statements	16
Balance Sheets	17
Statements of Changes in Equity	18
Cash Flow Statements	19
Notes to the Financial Statements	20
Directors' Declaration	40
Independent Audit Report	41
ASX Additional Information	43

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Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Azumah Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Stephen Stone, BSc (Hons) Mining Geology, MAusIMM, FAICD, Executive Chairman

Mr Stone graduated with honours in Mining Geology from University of Wales, Cardiff College and has since gained over 28 years operating, management and corporate experience in the international mining and exploration industry, including several years in operating mines in Africa.

He has spent 20 years as chief executive of a number of Australian publicly listed exploration companies for two of which he initiated listings on ASX.

Mr Stone is a member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Australian Institute of Company Directors and a Non-Executive Director of Avalon Minerals Ltd. Within the last three years Mr Stone has been a former director of Apex Minerals NL.

Michael Ivey, B App Sc (Geol), MSc (Min Econ) WASM, MAusIMM, MAICD, Non Executive Director (Member of audit and remuneration committees)

Michael Ivey has been involved in the mineral exploration industry in Western Australia for over 20 years. He graduated from Curtin University with a Bachelor of Applied Science degree majoring in geology and has a Master of Science (Mineral Economics) from the WA School of Mines.

After graduating Mr Ivey initially worked as an exploration geologist exploring for gold in the Murchison and Eastern Goldfields Regions of Western Australia. In 1986 Mr Ivey joined Croesus Mining NL and over the ensuing 18 years held the positions of Chief Geologist, Exploration Manager and General Manager before becoming Managing Director and Chief Executive Officer in 1997. He led the discovery of the suite of Binduli gold deposits (+1 million ounces) and was responsible for the acquisition and development of the 100,000 ounce per annum Davyhurst Project and the merger with Central Norseman Gold Corporation. He was awarded the 2002 Mining Executive of the Year by Gold Mining Journal.

Mr Ivey is Chairman and Managing Director of Castle Minerals Limited, Non Executive Chairman of Buxton Resources Limited and is Principal of MetalsEx Capital. Within the last three years Mr Ivey has been a former director of Croesus Mining NL.

Joe Ariti, BSc, Dip Min Sci, MBA, MAusIMM, Independent, Non Executive Director (Chairman of audit and remuneration committees)

Mr Ariti is a mining industry executive with over 20 years resource industry experience in technical, management, general management and executive roles in assessing, developing and managing mining projects and companies in Australia and overseas.

Mr Ariti is a metallurgist and a member of the Australasian Institute of Mining and Metallurgy. He has been involved in the development and management of mining projects in Australia, Indonesia, Papua New Guinea and Africa.

Mr Ariti was appointed a director on 13 September 2007, and is also a non-executive director of ABM Resources NL, Swick Mining Services Limited and Territory Resources Limited. Within the last three years Mr Ariti has been a former director of Firestone Energy Limited (formerly known as Centralian Minerals Limited).

Stephen Ross was a director from the start of the financial year until 31 January 2008.

Directors' Report continued

COMPANY SECRETARY

Dennis William Wilkins, B.Bus, AICD, ACIS

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years.

Mr Wilkins previously served as the Finance Director and Company Secretary for a mid tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DWCorporate which provides advisory, funding and administrative management services to the resource sector. Mr Wilkins is a director of Bonaparte Diamond Mines NL, Key Petroleum Limited and Minemakers Limited. Mr Wilkins is a former director of Marengo Mining Limited and South Boulder Mines Limited within the last 3 years.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Azumah Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Stephen Stone	4,633,633	6,500,000
Michael Ivey	84,614	1,500,000
Joe Ariti	100,000	1,500,000

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying gold and other economic mineral deposits.

There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

A Review of Operations, including the business strategies and prospects of the Group, and the Chairman's Letter are contained in the previous sections of the annual report.

Finance Review

The Group began the financial year with a cash reserve of \$5,309,961. Funds were used to actively advance the Group's projects located in Ghana, West Africa.

During the year total exploration expenditure incurred by the Group amounted to \$2,953,266. In line with the Company's accounting policies, all exploration expenditure was written off at year end. Net administration expenditure incurred amounted to \$1,251,278. This has resulted in an operating loss after income tax for the year ended 30 June 2008 of \$4,204,544 (2007: \$3,154,449).

At 30 June 2008 cash and cash equivalents totalled \$1,603,453.

Operating Results for the Year

Summarised operating results are as follows:

	2008	
	Revenues	Results
	\$	\$
<i>Geographic segments</i>		
Australia	230,552	(4,308,199)
Ghana	35,077	103,655
Consolidated entity revenues and loss from ordinary activities before income tax expense	265,629	(4,204,544)

Directors' Report continued

Shareholder Returns

	2008	2007
Basic loss per share (cents)	(5.2)	(4.9)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report no significant changes in the state of affairs of the Group occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 22, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The whole board form the Remuneration Committee. The remuneration policy of Azumah Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Azumah Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

Directors' Report continued

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives are remunerated on an agreed daily rate basis. The board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where required, the executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$200,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance based remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance.

The table below shows the gross revenue, losses and earnings per share for the periods since incorporation of the listed entity.

	2008	2007	2006	2005
	\$	\$	\$	\$
Revenue	265,629	148,727	137,760	3,540
Net loss	(4,204,544)	(3,154,449)	(6,917,496)	(72,977)
Loss per share (cents)	(5.2)	(4.9)	(19.4)	(1.3)

B Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Azumah Resources Limited and the Azumah Resources Group are set out in the following table.

The key management personnel of Azumah Resources Limited and the Group include the directors and company secretary as per pages 3 and 4 above and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the Group:

- Bernard Aylward – *General Manager, appointed 17 December 2007*
- Paul Amoako-Atta – *Mineral Licence Manager*

Given the size and nature of operations of Azumah Resources Limited and the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Directors' Report continued

Key management personnel and other executives of Azumah Resources Limited and the Group

	Short-Term		Post Employment		Share-based	Total
	Salary & Fees	Non Monetary	Superannuation	Retirement benefits	Payments	
	\$	\$	\$	\$	Options	\$
Directors						
Stephen Stone						
2008	176,950	3,094	-	-	250,250	430,294
2007	26,364	3,522	-	-	191,875	221,761
Michael Ivey						
2008	38,405	3,094	-	-	-	41,499
2007	33,271	3,522	-	-	191,875	228,668
Joe Ariti (appointed 13 September 2007)						
2008	30,520	2,321	-	-	104,350	137,191
Stephen Ross (resigned 31 January 2008)						
2008	116,667	1,805	-	-	(46,905)⁽¹⁾	71,567
2007	200,000	5,281	-	-	106,971	312,252
Malcolm Macpherson (removed 3 November 2006)						
2007	22,136	1,761	1,992	-	-	25,889
Erica Smyth (removed 3 November 2006)						
2007	10,341	1,761	931	-	-	13,033
Other key management personnel						
Dennis Wilkins						
2008	84,643	-	-	-	-	84,643
2007	78,857	-	-	-	95,937	174,794
Bernard Aylward (appointed 17 December 2007)						
2008	161,002	-	-	-	97,500	258,502
Paul Amoako-Atta ⁽²⁾						
2008	15,139	-	-	-	-	15,139
2007	25,589	-	-	-	-	25,589
Peter Turner (resigned 15 November 2006)						
2007	68,021	-	6,834	-	(15,301) ⁽³⁾	59,554
Total key management personnel compensation						
2008	623,326	10,314	-	-	405,195	1,038,835
2007	464,579	15,847	9,757	-	571,357	1,061,540

(1) 2,500,000 options were granted to Mr Ross as per his employment agreement in 2006. These options were cancelled when he resigned, of which 1,250,000 had yet to vest with Mr Ross. In accordance with AASB 2 *Share-based Payment* the expense that had previously been recognised for the options yet to vest was reversed against the Option Reserve when the options were cancelled.

(2) In addition to the above remuneration a total of \$50,135 (2007: \$19,766) was paid to Terrex Limited, a Ghanaian registered company of which Mr Amoako-Atta is a director and shareholder. Terrex Limited provided tenement management services to the Group during the year and the amounts paid were at arms length.

(3) The options that were granted to Mr Turner as per his employment agreement in 2006 were cancelled, prior to the options vesting, when he resigned. In accordance with AASB 2 *Share-based Payment* the expense that had previously been recognised was reversed against the Option Reserve when the options were cancelled.

C Service agreements

The details of service agreements of the key management personnel of Azumah Resources Limited and the Group are as follows:

Stephen Stone, Executive Chairman:

- Annual director fees of \$40,000 and a \$1,000 per day consultancy fee for duties not related to director duties are paid to West One Management Pty Ltd, a company controlled by Mr Stone.
- The agreement may be terminated by the Company giving 30 days notice in writing, or immediately by Mr Stone via written notice. The agreement will also terminate if Mr Stone ceases to be a director of the Company.

Directors' Report continued

Dennis Wilkins, Company Secretary:

- Term of agreement –3 months notice of termination required.
- Mr Wilkins' firm, DWCorporate, is engaged to provide book-keeping, accounting and company secretarial services. Fees are charged on an hourly basis, and all amounts are included in Mr Wilkins' remuneration.

Bernard Aylward, General Manager:

- The agreement may be terminated by either party at any time without giving reason.
- Consultancy fee of \$1,000 per day paid to Matlock Geological Services Pty Ltd, a company controlled by Mr Aylward.

D Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Azumah Resources Limited to increase goal congruence between executives, directors and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company. The following options were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vested Number	Date vested and exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Directors									
Stephen Stone	16/04/2008	2,500,000	2,500,000	16/04/2008	30/04/2011	14.0	4.3	N/A	24.8
Stephen Stone	16/04/2008	2,500,000	-	(1)	30/04/2013	14.0	5.7	N/A	33.3
Joe Ariti	23/11/2007	500,000	500,000	23/11/2007	31/01/2010	23.0	6.6	N/A	24.0
Joe Ariti	23/11/2007	500,000	500,000	23/11/2007	31/01/2011	30.0	7.0	N/A	25.6
Joe Ariti	23/11/2007	500,000	500,000	23/11/2007	31/01/2012	40.0	7.3	N/A	26.5
Other Key Management Personnel									
Bernard Aylward	16/04/2008	1,000,000	1,000,000	17/06/2008	30/04/2010	14.0	3.2	N/A	12.6
Bernard Aylward	16/04/2008	2,000,000	-	(1)	30/04/2010	14.0	3.2	N/A	25.2

(1) These options are subject to a market condition whereby they only vest if the Company's share price is greater than \$0.21 for twenty days or more in any ninety day period. This vesting condition has not yet been met.

There were no ordinary shares issued upon exercise of remuneration options to directors or other key management personnel of Azumah Resources Limited during the year. Refer to note 25 for model inputs for the options granted.

A total of 2,500,000 remuneration options were granted to Mr Ross as per his employment agreement in 2006. 1,250,000 of these options were cancelled prior to vesting when Mr Ross resigned his employment on 31 January 2008. In accordance with AASB 2 *Share-based Payment* the expense that had been previously recognised was reversed against the Option Reserve when the options were cancelled.

E Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to key management personnel during the financial year.

DIRECTORS' MEETINGS

During the year the Company held three meetings of directors. The attendance of directors at meetings of the board were:

	Committee Meetings					
	Directors Meetings		Audit		Remuneration	
	A	B	A	B	A	B
Stephen Stone	3	3	1	1	*	*
Michael Ivey	3	3	2	2	-	-
Joe Ariti	2	2	2	2	-	-
Stephen Ross	1	2	*	*	*	*

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

* – Not a member of the relevant committee.

Directors' Report continued

SHARES UNDER OPTION

At the date of this report there are 16,250,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	9,250,000
Movements of share options during the year	
Issued, exercisable at 14 cents, on or before 30 April 2010	3,000,000
Issued, exercisable at 14 cents, on or before 30 April 2011	2,500,000
Issued, exercisable at 14 cents, on or before 30 April 2013	2,500,000
Issued, exercisable at 23 cents, on or before 31 January 2010	500,000
Issued, exercisable at 30 cents, on or before 31 January 2011	500,000
Issued, exercisable at 40 cents, on or before 31 January 2012	500,000
Cancelled (20 cents, expiring 6 December 2008)	(2,500,000)
Total number of options outstanding as at 30 June 2008 and the date of this report	16,250,000

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Number of options
8 Dec 2005	6 Dec 2008	20	3,000,000
21 Feb 2008	31 Jan 2010	23	1,750,000
21 Feb 2008	31 Jan 2011	30	1,750,000
21 Feb 2008	31 Jan 2012	40	1,750,000
30 Apr 2008	30 Apr 2010	14	3,000,000
30 Apr 2008	30 Apr 2011	14	2,500,000
30 Apr 2008	30 Apr 2013	14	2,500,000
Total number of options outstanding at the date of this report			16,250,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Azumah Resources Limited against costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is \$8,500.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Kendalls Audit & Assurance (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

BDO Kendalls (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

	2008	2007
	\$	\$
Taxation advisory services	8,700	15,312

Directors' Report continued

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors.



Stephen Stone
Executive Chairman

Perth, 1st September 2008

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1st September 2008

The Directors
Azumah Resources Limited
Unit 1, 2 Richardson Street
West Perth, WA
6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF AZUMAH RESOURCES LIMITED

As lead auditor of Azumah Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Azumah Resources Limited and the entities it controlled during the period.

Chris Burton
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, WA

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Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to the board's duties and physical ability to undertake the board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee and Remuneration Committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the Second Edition ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted early the revised Recommendations and the following table sets out the company's present position in relation to each of the revised Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A	Matters reserved for the Board are included on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	N/A	The remuneration of executive and non-executive directors is reviewed by the board with the exclusion of the Director concerned. The remuneration of management and employees is reviewed by the Board and approved by the Chairman. Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues including the identification of matters that may have a material effect on the price of company securities. Whenever relevant, any such matters are reported to ASX
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	A (in part)	
Principle 2:	Structure the board to add value		
2.1	A majority of the board should be independent directors	A	
2.2	The chair should be an independent director	N/A	The Company does not perceive any additional benefits would accrue to the Company by the appointment of an independent chairperson.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	N/A	The Company does not perceive any additional benefits would accrue to the Company by separating these roles.
2.4	The board should establish a nomination committee	N/A	The nomination committee shall comprise of the full Board. Acting in its ordinary capacity from time to time as required the Board carries out the process of determining the need for screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to the process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	N/A	The remuneration of executive and non executive directors is reviewed by the Board with the exception of the director concerned.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A (in part)	The skills and experience of Directors are set out in the Company's Annual Report and on its website.
Principle 3:	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	A	The company has formulated a Code of Conduct which can be viewed on the company's website.

A = Adopted

N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	A	The company has formulated a share trading policy, which can be viewed on its website.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee	A	The Company has established an audit committee which comprises only non-executive directors. The charter for this committee is disclosed on the Company's website.
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	A	
	• consists of a majority of independent directors	A	
	• is chaired by an independent chair, who is not chair of the board	A	
	• has at least three members	N/A	Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits.
4.3	The audit committee should have a formal charter	A	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	The Company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The Board is acutely aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	The Board receives monthly updates on the status of the Company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each Board meeting.
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company Website and the distribution of specific releases covering major transactions or events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	The Company has formulated a Communication Policy which can be viewed on the Company website.

A = Adopted

N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 7:	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	<p>While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors.</p> <p>Determined areas of risk which are regularly considered include:</p> <ul style="list-style-type: none"> • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • land access and native title considerations • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations • share market conditions • economic risk • sovereign risk
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	N/A	While the Company does not have formalised policies on risk management it recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	The Board has received the required assurance and declaration.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	N/A	
Principle 8:	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee	A	
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	A	Refer to the Remuneration Report in the Company's Annual Report.

A = Adopted

N/A = Not adopted

Income Statements

YEAR ENDED 30 JUNE 2008	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
REVENUE FROM CONTINUING OPERATIONS	4	230,552	148,727	230,552	148,727
Other income	5	35,077	-	-	-
EXPENDITURE					
Depreciation expense		(45,441)	(48,092)	(22,442)	(16,607)
Salaries and employee benefits expense		(229,899)	(281,494)	(229,899)	(281,494)
Exploration expenditure		(2,953,266)	(1,693,790)	-	-
Travelling expenses		(106,968)	(25,028)	(106,968)	(25,028)
Legal expenses		(11,118)	(84,215)	(11,118)	(84,215)
Impairment expense	6	(304,970)	(270,112)	(3,349,813)	(1,616,072)
Administration expenses		(410,938)	(325,068)	(410,938)	(317,291)
Share-based payments expense	25	(405,195)	(571,357)	(405,195)	(571,357)
Other expenses		(2,378)	(4,020)	(2,378)	(4,020)
LOSS BEFORE INCOME TAX		(4,204,544)	(3,154,449)	(4,308,199)	(2,767,357)
INCOME TAX BENEFIT / (EXPENSE)	7	-	-	-	-
NET LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF AZUMAH RESOURCES LIMITED		(4,204,544)	(3,154,449)	(4,308,199)	(2,767,357)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	24	(5.2)	(4.9)		

The above Income Statements should be read in conjunction with the Notes to the Financial Statements.

Balance Sheets

AT 30 JUNE 2008

	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	8	1,603,453	5,309,961	1,592,254	5,287,582
Trade and other receivables	9	77,719	104,863	58,833	31,203
TOTAL CURRENT ASSETS		1,681,172	5,414,824	1,651,087	5,318,785
NON-CURRENT ASSETS					
Other financial assets	10	-	-	11,999	22,379
Plant and equipment	11	123,667	133,866	30,572	48,820
TOTAL NON-CURRENT ASSETS		123,667	133,866	42,571	71,199
TOTAL ASSETS		1,804,839	5,548,690	1,693,658	5,389,984
CURRENT LIABILITIES					
Trade and other payables	12	636,181	573,175	478,054	264,073
TOTAL CURRENT LIABILITIES		636,181	573,175	478,054	264,073
TOTAL LIABILITIES		636,181	573,175	478,054	264,073
NET ASSETS		1,168,658	4,975,515	1,215,604	5,125,911
EQUITY					
Contributed equity	13	14,239,147	14,246,450	14,239,147	14,246,450
Reserves	14(a)	1,278,977	873,987	1,274,400	869,205
Accumulated losses	14(b)	(14,349,466)	(10,144,922)	(14,297,943)	(9,989,744)
TOTAL EQUITY		1,168,658	4,975,515	1,215,604	5,125,911

The above Balance Sheets should be read in conjunction with the Notes to the Financial Statements.

Statements of Changes in Equity

YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR		4,975,515	3,343,498	5,125,911	3,115,568
Exchange differences on translation of foreign operations	14	(205)	8,766	-	-
NET INCOME RECOGNISED DIRECTLY IN EQUITY LOSS FOR THE YEAR		(205)	8,766	-	-
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF AZUMAH RESOURCES LIMITED		(4,204,544)	(3,154,449)	(4,308,199)	(2,767,357)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	13	-	4,440,000	-	4,440,000
Transaction costs	13	(7,303)	(233,657)	(7,303)	(233,657)
Employee share options	14	405,195	571,357	405,195	571,357
		397,892	4,777,700	397,892	4,777,700
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		1,168,658	4,975,515	1,215,604	5,125,911

The above Statements of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statements

YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(778,594)	(693,036)	(774,234)	(691,088)
Interest received		230,552	148,727	230,552	148,727
Expenditure on mining interests		(2,991,124)	(1,526,304)	-	-
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	23	(3,539,166)	(2,070,613)	(543,682)	(542,361)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(45,860)	(15,469)	(4,903)	(6,023)
Loans to related parties		-	-	(3,027,869)	(1,482,853)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(45,860)	(15,469)	(3,032,772)	(1,488,876)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		-	4,440,000	-	4,440,000
Payment of share issue costs		(118,874)	(122,086)	(118,874)	(122,086)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		(118,874)	4,317,914	(118,874)	4,317,914
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		(3,703,900)	2,231,832	(3,695,328)	2,286,677
Cash and cash equivalents at the beginning of the financial year		5,309,961	3,090,690	5,287,582	3,000,905
Effects of exchange rate changes on cash and cash equivalents		(2,608)	(12,561)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	1,603,453	5,309,961	1,592,254	5,287,582

The above Cash Flow Statements should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Azumah Resources Limited as an individual entity and the consolidated entity consisting of Azumah Resources Limited and its subsidiaries. The financial report is presented in the Australian currency. Azumah Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial report was authorised for issue by the directors on 1st September 2008. The directors have the power to amend and reissue the financial report.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Azumah Resources Limited complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Going concern

The Group incurred a loss of \$4,204,544 (2007: \$3,154,449) for the year ended 30 June 2008 and at that date the Group had net current assets of \$1,044,991 (2007: \$4,841,649). The Group is continuing to undertake discretionary exploration activity on its tenements and will incur exploration expenditure subject to results. The Group has budgeted for an anticipated capital raisings within the next 12 months, in addition to the \$1.944 million raising completed in July 2008 and detailed in note 22. The directors consider that financial support from shareholders and other investors is likely to be forthcoming should further equity be required. As a result of this the financial statements have been prepared on the going concern basis as the directors consider that the Group will be able to pay its debts as and when they become due and payable.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Azumah Resources Limited ("Company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Azumah Resources Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all of those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer note 1(h)).

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Azumah Resources Limited.

Notes to the Financial Statements continued

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Azumah Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Financial Statements continued

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

Notes to the Financial Statements continued

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the income statement within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Notes to the Financial Statements continued

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(l) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the balance sheet date are recognised in other payables in respect of employees' services up to the balance sheet date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 25.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Notes to the Financial Statements continued

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

The Group's transactions in Ghana are subject to VAT administered by the Value Added Tax Service of the Republic of Ghana. Revenues, expenses and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the Value Added Tax Service. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of VAT.

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the respective taxation authorities, are presented as operating cash flows.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group and parent entity.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Adoption of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

Notes to the Financial Statements continued

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(t) Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 25.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The executive chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The Group's and the parent entity's exposure to foreign currency risk at the reporting date was as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	USD	USD	USD	USD
Cash and cash equivalents	10,757	18,991	-	-
Trade and other receivables	18,140	59,002	-	-
Trade and other payables	(375,029)	(255,098)	-	-

Sensitivity analysis

Due to the nature of the financial instruments held at 30 June 2008, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, there would have been nil impact on the Group's post-tax loss for the year (2007 – Nil) and immaterial movements to the Group's equity for both years presented. As shown in the table above, the parent entity does not have any exposure to foreign currency risk.

(ii) Price risk

Given the current level of operations, neither the Group nor the parent entity are exposed to price risk.

Notes to the Financial Statements continued

30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Interest rate risk

The Group and the parent entity are exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

Sensitivity analysis

At 30 June 2008, if interest rates had changed by +/- 80 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the Group and the parent entity would have been \$28,000 lower/higher (2007 - \$20,000 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the balance sheet and notes to the financial statements. The only significant concentration of credit risk for the Group and the parent entity is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group and the parent entity are confined to trade and other payables as disclosed in the Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of the balance sheet date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group and the parent entity at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements continued

30 JUNE 2008

3. SEGMENT INFORMATION

Description of segments

The Group's operations are in the mining industry. Geographically, the Group operates in two predominant segments, being Australia and Ghana. The head office and investment activities of the Group take place in Australia.

Primary reporting format – geographical segments

	Australia		Ghana		Consolidated	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Segment revenue						
Other revenue	230,552	148,727	35,077	-	265,629	148,727
Total segment revenue	230,552	148,727	35,077	-	265,629	148,727
Intersegment elimination					-	-
Consolidated revenue					265,629	148,727
Segment result						
Segment result	(4,308,199)	(2,767,357)	103,655	(387,092)	(4,204,544)	(3,154,449)
Intersegment elimination					-	-
Loss before income tax					(4,204,544)	(3,154,449)
Income tax (expense)/benefit					-	-
Loss for the year					(4,204,544)	(3,154,449)
Segment assets and liabilities						
Segment assets	1,693,658	5,389,984	123,180	181,085	1,816,838	5,571,069
Intersegment elimination					(11,999)	(22,379)
Total assets					1,804,839	5,548,690
Segment liabilities	478,054	264,073	6,509,695	3,493,615	6,987,749	3,757,688
Intersegment elimination					(6,351,568)	(3,184,513)
Total liabilities					636,181	573,175
Other segment information						
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	4,903	6,023	40,957	9,446	45,860	15,469
Depreciation expense	22,442	16,607	22,999	31,485	45,441	48,092
Impairment expense	3,349,813	1,616,072	304,970	270,112	3,654,783	1,886,184
Intersegment elimination					(3,349,813)	(1,616,072)
Total impairment expense					304,970	270,112

Notes to the Financial Statements continued

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
4. REVENUE				
From continuing operations				
<i>Other revenue</i>				
Interest	230,552	148,727	230,552	148,727
5. OTHER INCOME				
Foreign exchange gains	5,207	-	-	-
Gain on deconsolidation of Eaglehand Ltd	29,870	-	-	-
	35,077	-	-	-
6. EXPENSES				
Loss before income tax includes the following specific expenses:				
Minimum lease payments relating to operating leases	92,905	54,765	35,960	14,802
Impairment				
Investment in controlled entity	-	-	6,490	-
Loans to controlled entities	-	-	3,343,323	1,616,072
Trade and other receivables	304,970	270,112	-	-
Total impairment expense	304,970	270,112	3,349,813	1,616,072
7. INCOME TAX				
(a) Income tax expense/(benefit)				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	(4,204,544)	(3,159,449)	(4,308,199)	(2,767,357)
Prima facie tax benefit at the Australian tax rate of 30% (2007: 30%)	(1,261,363)	(946,335)	(1,292,460)	(830,207)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share-based payments	121,558	171,407	121,558	171,407
Sundry items	500	1,013	500	1,013
	(1,139,305)	(773,915)	(1,170,402)	(657,787)
Movements in unrecognised temporary differences	(627,833)	516,593	(530,799)	406,601
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,767,138	257,322	1,701,201	251,186
Income tax expense/(benefit)	-	-	-	-

Notes to the Financial Statements continued

30 JUNE 2008	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
7. INCOME TAX (cont'd)					
(c) Unrecognised temporary differences					
Deferred Tax Assets (at 30%)					
<i>On Income Tax Account</i>					
Capital raising costs		210,289	254,162	210,289	254,162
Provision for impairment		91,491	74,898	2,058,401	2,493,155
Other		-	4,500	-	4,500
Carry forward foreign losses		1,901,467	1,018,790	13,883	13,883
Carry forward tax losses (revenue and capital)		2,159,860	416,797	2,093,923	421,701
		4,363,107	1,769,147	4,376,496	3,187,401
Deferred Tax Liabilities (at 30%)					
		-	-	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	663,736	4,128,493	652,537	4,106,114
Short-term deposits ⁽¹⁾	939,717	1,181,468	939,717	1,181,468
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows	1,603,453	5,309,961	1,592,254	5,287,582

(1) Short-term deposits include an amount of \$39,339 (2007: Nil) held as security for a bank guarantee facility. This amount is not available for use by the Group and the parent entity.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Government taxes receivable	548,460	286,317	43,983	25,047
Provision for impairment (note (a))	(504,477)	(249,661)	-	-
Sundry receivables	33,736	68,207	14,850	6,156
	77,719	104,863	58,833	31,203

(a) Impaired receivables

As at 30 June 2008 the VAT receivable from the Group's operations in Ghana, with a nominal value of \$504,477 (2007 - \$249,661), has been provided for in full. The VAT may only be recoverable once the Group's operations are producing revenue in Ghana. There were no impaired receivables for the parent in 2008 or 2007.

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2008	2007
	\$	\$
Balance at the beginning of the year	249,661	-
Provision for impairment recognised during the year	304,970	270,112
Foreign exchange movements	(50,154)	(20,451)
	504,477	249,661

Notes to the Financial Statements continued

30 JUNE 2008	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
10. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS					
Shares in subsidiary – at cost	21	-	-	6,490	4,798,989
Provision for impairment (note (a))		-	-	(6,490)	(4,798,989)
Loans to subsidiary – at cost	20	-	-	6,866,847	3,533,904
Provision for impairment (note (b))	20	-	-	(6,854,848)	(3,511,525)
		-	-	11,999	22,379

(a) Impaired investment

As at 30 June 2008 the investment in subsidiary carried at cost by the parent entity, with a nominal value of \$6,490 (2007 - \$4,798,989), has been provided for in full. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment.

Movements in the provision for impairment of investment are as follows:

	Parent Entity	
	2008	2007
	\$	\$
Balance at the beginning of the year	4,798,989	4,798,989
Provision for diminution recognised during the year	6,490	-
Amount written off against the provision on deregistration of Eaglehand Ltd	(4,798,989)	-
	6,490	4,798,989

(b) Impaired receivables

As at 30 June 2008 the parent entity's loan to subsidiary with a nominal value of \$6,866,847 (2007 - \$3,533,904) was impaired. The amount of the provision was \$6,854,848 (2007 - \$3,511,525). Refer to note 20 for further information on the loan to subsidiary.

Movements in the provision for impairment of receivables are as follows:

	Parent Entity	
	2008	2007
	\$	\$
Balance at the beginning of the year	3,511,525	1,895,453
Provision for impairment recognised during the year	3,343,323	1,616,072
	6,854,848	3,511,525

11. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Plant and equipment				
Cost	229,609	199,536	77,718	73,815
Accumulated depreciation	(105,942)	(65,670)	(47,146)	(24,995)
Net book amount	123,667	133,866	30,572	48,820
Plant and equipment				
Opening net book amount	133,866	183,044	48,820	59,404
Exchange differences	(9,909)	(16,555)	-	-
Additions	45,860	15,469	4,903	6,023
Disposals	(709)	-	(709)	-
Depreciation charge	(45,441)	(48,092)	(22,442)	(16,607)
Closing net book amount	123,667	133,866	30,572	48,820

Notes to the Financial Statements continued

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES				
Trade payables	388,950	243,770	228,538	225,127
Other payables and accruals	247,231	329,405	249,516	38,946
	636,181	573,175	478,054	264,073

13. CONTRIBUTED EQUITY**(a) Share capital**

	Notes	2008		2007	
		Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	13(b), 13(d)	81,000,000	14,246,450	81,000,000	14,246,450
Total contributed equity		81,000,000	14,246,450	81,000,000	14,246,450

(b) Movements in ordinary share capital

Beginning of the financial year		81,000,000	14,246,450	62,500,000	10,040,107
Issued during the year:					
– Issued for cash @ 24 cents per share		-	-	18,500,000	4,440,000
Less: Transaction costs		-	-	-	(233,657)
End of the financial year		81,000,000	14,246,450	81,000,000	14,246,450

(c) Movements in options on issue

	Number of options	
	2008	2007
Beginning of the financial year	9,250,000	6,000,000
Issued during the year:		
– Exercisable at 14 cents, on or before 30 Apr 2010	3,000,000	-
– Exercisable at 14 cents, on or before 30 Apr 2011	2,500,000	-
– Exercisable at 14 cents, on or before 30 Apr 2013	2,500,000	-
– Exercisable at 23 cents, on or before 31 Jan 2010	500,000	1,250,000
– Exercisable at 30 cents, on or before 31 Jan 2011	500,000	1,250,000
– Exercisable at 40 cents, on or before 31 Jan 2012	500,000	1,250,000
Less: Options cancelled (20 cents, 31 Jan 2008)	(2,500,000)	(500,000)
End of the financial year	16,250,000	9,250,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Financial Statements continued

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

13. CONTRIBUTED EQUITY (cont'd)

(e) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group and the parent entity at 30 June 2008 and 30 June 2007 are as follows:

Cash and cash equivalents	1,603,453	5,309,961	1,592,254	5,287,582
Trade and other receivables	77,719	104,863	58,833	31,206
Trade and other payables	(636,181)	(573,175)	(478,054)	(264,073)
Working capital position	1,044,991	4,841,649	1,173,033	5,054,715

14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Foreign currency translation reserve	4,577	4,782	-	-
Share-based payments reserve	1,274,400	869,205	1,274,400	869,205
	1,278,977	873,987	1,274,400	869,205

Movements:

Foreign currency translation reserve

Balance at beginning of year	4,782	(3,984)	-	-
Currency translation differences arising during the year	(205)	8,766	-	-
Balance at end of year	4,577	4,782	-	-

Share-based payments reserve

Balance at beginning of year	869,205	297,848	869,205	297,848
Option expense	489,320	586,658	489,320	586,658
Options cancelled prior to vesting	(84,125)	(15,301)	(84,125)	(15,301)
Balance at end of year	1,274,400	869,205	1,274,400	869,205

(b) Accumulated losses

Balance at beginning of year	(10,144,922)	(6,990,473)	(9,989,744)	(7,222,387)
Net loss for the year	(4,204,544)	(3,154,449)	(4,308,199)	(2,767,357)
Balance at end of year	(14,349,466)	(10,144,922)	(14,297,943)	(9,989,744)

(c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

Notes to the Financial Statements continued

30 JUNE 2008

15. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term benefits	633,640	480,426	633,640	480,426
Post employment benefits	-	9,757	-	9,757
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	405,195	571,357	405,195	571,357
	1,038,835	1,061,540	1,038,835	1,061,540

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on page 8.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Azumah Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2008	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<i>Directors of Azumah Resources Limited</i>							
Stephen Stone	1,500,000	5,000,000	-	-	6,500,000	4,000,000	2,500,000
Michael Ivey	1,500,000	-	-	-	1,500,000	1,500,000	-
Joe Ariti	-	1,500,000	-	-	1,500,000	1,500,000	-
Stephen Ross	2,500,000	-	-	(2,500,000)	-	-	-
<i>Other key management personnel of the Group</i>							
Dennis Wilkins	750,000	-	-	-	750,000	750,000	-
Bernard Aylward	-	3,000,000	-	-	3,000,000	1,000,000	2,000,000

All vested options are exercisable at the end of the year.

2007	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<i>Directors of Azumah Resources Limited</i>							
Stephen Stone	-	1,500,000	-	-	1,500,000	1,500,000	-
Michael Ivey	-	1,500,000	-	-	1,500,000	1,500,000	-
Stephen Ross	2,500,000	-	-	-	2,500,000	625,000	1,875,000
<i>Other key management personnel of the Group</i>							
Dennis Wilkins	-	750,000	-	-	750,000	750,000	-
Peter Turner	500,000	(500,000)	-	-	-	-	-

Notes to the Financial Statements continued

30 JUNE 2008

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Azumah Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2008	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year ⁽¹⁾
Directors of Azumah Resources Limited				
Ordinary shares				
Stephen Stone	1,000,000	-	3,633,633	4,633,633
Michael Ivey	84,614	-	-	84,614
Joe Ariti	-	-	100,000	100,000
Other key management personnel of the Group				
Ordinary shares				
Bernard Aylward	-	-	250,000	250,000
Paul Amoako-Atta	4,625,000	-	-	4,625,000
2007				
	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year ⁽¹⁾
Directors of Azumah Resources Limited				
Ordinary shares				
Stephen Stone	-	-	1,000,000	1,000,000
Michael Ivey	-	-	84,614	84,614
Malcolm Macpherson	210,000	-	(210,000)	-
Erica Smyth	25,000	-	(25,000)	-
Other key management personnel of the Group				
Ordinary shares				
Paul Amoako-Atta	4,625,000	-	-	4,625,000

(1) At year end there are no nominally held shares.

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

(d) Other transactions with key management personnel**Services**

M Ivey Pty Ltd, a business of which Mr Ivey is principal, provided geological consultancy services, outside the scope of his duties as a director, to Azumah Resources Limited during the 2007 financial year. The amounts paid were on arms length commercial terms and are included as part of Mr Ivey's compensation.

DWCorporate Pty Ltd, a business of which Mr Wilkins is principal, provided company secretarial and other corporate services to Azumah Resources Limited during the year. The amounts paid were on arms length commercial terms and are included as part of Mr Wilkins' compensation.

Terrex Limited, a Ghanaian registered company of which Mr Amoako-Atta is a director and shareholder, provided tenement management services to the Group during the year totalling \$50,135 (2007: \$19,766). The amounts paid were on arms length commercial terms.

Notes to the Financial Statements continued

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
17. REMUNERATION OF AUDITORS				
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:				
(a) Audit services				
BDO Kendalls Audit & Assurance (WA) Pty Ltd – audit and review of financial reports	25,354	36,595	25,354	36,595
Non-related audit firm for the audit or review of financial reports of any entity in the Group	-	3,379	-	-
Total remuneration for audit services	25,354	39,974	25,354	36,595
(b) Non-audit services				
BDO Kendalls (WA) Pty Ltd – taxation advisory services	8,700	15,312	8,700	15,312
Total remuneration for other services	8,700	15,312	8,700	15,312

18. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

19. COMMITMENTS**(a) Exploration commitments**

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	626,742	415,130	-	-
later than one year but not later than five years	1,033,812	415,130	-	-
	1,660,554	830,260	-	-

(b) Lease commitments: Group as lessee*Operating leases (non-cancellable):*

Minimum lease payments				
within one year	79,751	8,881	79,751	8,881
later than one year but not later than five years	218,144	-	218,144	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	297,895	8,881	297,895	8,881

The property lease is a non-cancellable lease with a four-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to increase to market value, with a minimum 5% uplift, per annum. An option exists to renew the lease at the end of the four-year term for an additional term of two years. The lease allows for subletting of all lease areas.

(c) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in section C of the remuneration report on pages 7 and 8 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year	-	92,333	-	92,333
later than one year but not later than five years	-	-	-	-
	-	92,333	-	92,333

Notes to the Financial Statements continued

30 JUNE 2008

Consolidated		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$

20. RELATED PARTY TRANSACTIONS**(a) Parent entity**

The ultimate parent entity within the Group is Azumah Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 21.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 16.

(d) Transactions and balances with related parties*Purchases of goods and services*

Purchase of drilling services from a significant shareholder	1,117,497	342,453	-	-
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There were no balances outstanding at balance date in relation to the above transactions, and the transactions were made on normal commercial terms and conditions and at market rates.

(e) Loans to related parties*Loans to subsidiaries*

Beginning of the year	-	-	22,379	89,784
Loans advanced	-	-	3,332,943	1,548,667
Loan repayments received	-	-	-	-
Provision for impairment	-	-	(3,343,323)	(1,616,072)
End of year	-	-	11,999	22,379

Azumah Resources Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, Azumah Resources Ghana Limited. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding ⁽¹⁾	
			2008	2007
			%	%
Eaglehand Ltd ⁽²⁾	Isle of Man	Ordinary	-	100
Azumah Resources Ghana Ltd	Ghana	Ordinary	100	100
Phoenix Resources Ltd	Ghana	Ordinary	100	100
Azumah Metals (Ghana) Ltd ⁽³⁾	Ghana	Ordinary	100	-

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) This company was de-registered during the year. Prior to deregistration, the shareholding in Azumah Resources Ghana Ltd was transferred, at cost, from Eaglehand Ltd to Azumah Resources Limited.

(3) This company was incorporated on 5 June 2008 with Azumah Resources Ghana Ltd the sole shareholder.

22. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

During July 2008 the Group raised \$1.944 million from the issue of 12.15 million ordinary shares to Macquarie Bank at an issue price of 16 cents per share.

No other matter or circumstance has arisen since 30 June 2008, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Notes to the Financial Statements continued

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
23. CASH FLOW STATEMENT				
Reconciliation of net loss after income tax to net cash outflow from operating activities				
Net loss for the year	(4,204,544)	(3,154,449)	(4,308,199)	(2,767,357)
Non-Cash Items				
Depreciation of non-current assets	45,441	48,092	22,442	16,607
Option expense	405,195	571,357	405,195	571,357
Net exchange differences	205	35,100	-	-
Impairment expense	304,970	270,112	3,349,813	1,616,072
Change in operating assets and liabilities, net of effects from purchase of controlled entities				
(Increase)/decrease in trade and other receivables	27,144	(180,174)	(27,630)	(12,193)
Increase/(decrease) in trade and other payables	(117,577)	339,349	14,697	33,153
Net cash outflow from operating activities	(3,539,166)	(2,070,613)	(543,682)	(542,361)

30 JUNE 2008

24. LOSS PER SHARE

	Consolidated	
	2008	2007
	\$	\$
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	(4,204,544)	(3,154,449)
	Number of shares	Number of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	81,000,000	63,834,932

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2008, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Notes to the Financial Statements continued

30 JUNE 2008

25. SHARE-BASED PAYMENTS

Employees and contractors options

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. The exercise price of the options granted range from 14 cents to 40 cents per option. All options granted have expiry dates ranging from 6 December 2008 to 30 April 2013.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	Consolidated and Parent Entity			
	2008		2007	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	6,250,000	26.6	3,000,000	20.0
Granted	9,500,000	16.7	3,750,000	31.0
Forfeited/cancelled	(2,500,000)	20.0	(500,000)	20.0
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	13,250,000	20.7	6,250,000	26.6
Exercisable at year-end	8,750,000	24.2	4,375,000	29.4

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.89 years (2007: 3.11 years), and the exercise prices range from 14 cents to 40 cents.

Expenses arising from share-based payment transactions

The weighted average fair value of the options granted during the year was 4.8 cents (2007: 12.8 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2008	2007
Weighted average exercise price (cents)	16.7	31.0
Weighted average life of the option (years)	3.01	3.94
Weighted average underlying share price (cents)	11.3	24.5
Expected share price volatility	70%	70%
Weighted average risk free interest rate	7.17%	6.25%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Options issued to employees and contractors	489,320	586,658	489,320	586,658
Expense written back on cancellation of options prior to vesting	(84,125)	(15,301)	(84,125)	(15,301)
	405,195	571,357	405,195	571,357

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 16 to 39 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration disclosures set out on pages 5 to 8 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2008, comply with section 300A of the *Corporations Act 2001*.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Stephen Stone
Executive Chairman

Perth, 1st September 2008

INDEPENDENT AUDITOR'S REPORT

To the members of Azumah Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Azumah Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Auditor's Opinion

In our opinion:

- (a) the financial report of Azumah Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Going concern assumption appropriate but an uncertainty that is material exists

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the Group incurred a net loss of \$4,204,544 during the year ended 30 June 2008 (2007: \$4,841,649). This condition along with the matter set forth in Note 1(a), indicate the existence of a significant uncertainty which may, should the event not occur, have a material affect on the financial statements and may cast doubt about the company's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company and the consolidated entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Azumah Resources Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

A handwritten signature in black ink that reads 'C Burton'.

Chris Burton
Director

Perth, Western Australia and 1st September 2008

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 August 2008.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	8	2,571
1,001	- 5,000	68	254,720
5,001	- 10,000	151	1,436,494
10,001	- 100,000	314	13,616,784
100,001	and over	112	77,839,431
		653	93,150,000
The number of shareholders holding less than a marketable parcel of shares are:		34	63,845

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Macquarie Bank Ltd	12,150,000	13.04
2	Trailstar Ltd	5,046,875	5.42
3	Bluesky Resources Ltd	4,781,250	5.13
4	Bluestar Resources Ltd	4,250,000	4.56
5	Stone Stephen + Pearl J <West One S/F A/C>	4,133,633	4.44
6	Redstar Resources Ltd	3,718,750	3.99
7	National Nominees Ltd	3,477,906	3.73
8	Falconsand Ltd	3,187,500	3.42
9	Redan Street Pty Ltd <TJW A/C>	2,295,000	2.46
10	Burling Terrance F	2,110,000	2.27
11	Glen John	1,406,250	1.51
12	Constable Michael Edward	1,400,000	1.50
13	HSBC Custody Nominees Aust Ltd	1,122,667	1.21
14	Twigger Liam	1,006,250	1.08
15	Pavillion Drive Pty Ltd	926,666	0.99
16	Citicorp Nominees Pty Ltd	875,000	0.94
17	Key International Pty Ltd	858,333	0.92
18	Berne No 132 Nominees Pty Ltd <323731 A/C>	750,000	0.81
19	Wiechecki Henry	632,813	0.68
20	Stafford Greg John	600,001	0.64
		54,728,894	58.74

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Macquarie Bank Ltd	12,150,000
Trailstar Ltd	5,046,875
Bluesky Resources Ltd	4,781,250

ASX Additional Information continued

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Vapor, Ghana	PL 150/2006	100
Samoa, Ghana	RL 163/2006	100
Wa-Lawra, Ghana	RL 409/2005	100
Basabli, Ghana	PL 40/2007	100
Duri, Ghana	PL 41/2007	100
Lambussie, Ghana	PL 29/2008	100
Hamlie, Ghana	PL 31/2008	100
Butele, Ghana	PL 28/2008	100
Zadong, Ghana	PL 27/2008	100
Vapor South, Ghana	PL 30/2008	100
Vapor West, Ghana	PL 32/2008	100

Prospecting Licence (PL): A Prospecting Licence gives the holder the exclusive right to search for specific minerals (or commodities) by the conduct of geological and geophysical investigations and to determine the extent and economic value of any deposit within the licence area.

Reconnaissance Licence (RL): A Reconnaissance Licence confers on the holder the right to search for a specific mineral (or commodity) within the licence area by geochemical and photo-geological surveys or other remote sensing techniques. Except as otherwise provided in the licence, it does not permit drilling, excavation or other sub-surface techniques.