

AZUMAH RESOURCES LIMITED

ABN 72 112 320 251

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2009

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2009 and any public announcements made by Azumah Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2009

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION	13
INDEPENDENT REVIEW REPORT TO THE MEMBERS	14

AZUMAH RESOURCES LIMITED

31 DECEMBER 2009

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity consisting of Azumah Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

DIRECTORS

The names of the directors who held office during or since the end of the half-year, to the date of this report, are:

Mr Michael Atkins *appointed 20 October 2009*

Mr Stephen Stone

Mr Geoffrey Jones *appointed 20 October 2009*

Mr Michael Ivey *resigned 21 October 2009*

Mr Joe Ariti *resigned 20 October 2009*

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2009	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss	125,725	(1,941,758)

Azumah Resources Limited ('Azumah' or 'the Company') is a Perth-based mineral exploration company that is focused on exploring and developing its 100% owned Wa Gold Project in north-west Ghana, West Africa.

The Company currently has a total license holding of 3,100km². Within the project area a JORC compliant mineral resource of 12.1 million tonnes @ 1.9 g/t gold for 754,300 ounces gold has been reported.

Azumah will continue to conduct mineral exploration and project development activity at the Wa Project with the object of finding additional gold mineralisation to justify the establishment of the first commercial scale, stand-alone mining operation in the emerging north-west Ghana gold province.

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 4.

This report is made in accordance with a resolution of directors.



Stephen Stone
Managing Director
Perth, 15 March 2010

15 March 2010

Azumah Resources Limited
Suite 1/2 Richardson Street
WEST PERTH 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 half-year ended 31 December 2009, 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 review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

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



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

AZUMAH RESOURCES LIMITED**31 DECEMBER 2009****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Half-year	
	2009	2008
	\$	\$
REVENUE	125,725	87,494
EXPENDITURE		
Depreciation expense	(15,226)	(23,982)
Salaries and employee benefits expense	(79,803)	(96,638)
Exploration expenditure	(1,398,636)	(1,029,064)
Travelling expenses	(26,955)	(5,280)
Legal expenses	(3,282)	(9,727)
Doubtful debts expense	(131,454)	(60,134)
Administration expenses	(412,127)	(219,152)
LOSS BEFORE INCOME TAX	(1,941,758)	(1,356,483)
Income tax benefit / (expense)	-	-
LOSS FOR THE HALF-YEAR	(1,941,758)	(1,356,483)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	25,208	109,900
Other comprehensive income for the period, net of tax	25,208	109,900
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF AZUMAH RESOURCES LIMITED	(1,916,550)	(1,246,583)
Basic and diluted loss per share (cents)	(1.2)	(1.5)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

AZUMAH RESOURCES LIMITED**31 DECEMBER 2009****CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Note	31 December 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		8,455,706	1,924,277
Trade and other receivables		144,693	36,098
TOTAL CURRENT ASSETS		8,600,399	1,960,375
NON-CURRENT ASSETS			
Plant and equipment		158,591	99,744
TOTAL NON-CURRENT ASSETS		158,591	99,744
TOTAL ASSETS		8,758,990	2,060,119
CURRENT LIABILITIES			
Trade and other payables		805,500	626,465
TOTAL CURRENT LIABILITIES		805,500	626,465
TOTAL LIABILITIES		805,500	626,465
NET ASSETS		7,953,490	1,433,654
EQUITY			
Contributed equity	3	25,425,677	16,989,291
Reserves		1,447,150	1,421,942
Accumulated losses		(18,919,337)	(16,977,579)
TOTAL EQUITY		7,953,490	1,433,654

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2009

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Contributed Equity \$	Options Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2008	14,239,147	1,274,400	4,577	(14,349,466)	1,168,658
Loss for the period	-	-	-	(1,356,483)	(1,356,483)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	109,900	-	109,900
TOTAL COMPREHENSIVE INCOME	-	-	109,900	(1,356,483)	(1,246,583)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	1,944,000	-	-	-	1,944,000
BALANCE AT 31 DECEMBER 2008	16,183,147	1,274,400	114,477	(15,705,949)	1,866,075
BALANCE AT 1 JULY 2009	16,989,291	1,274,400	147,542	(16,977,579)	1,433,654
Loss for the period	-	-	-	(1,941,758)	(1,941,758)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	25,208	-	25,208
TOTAL COMPREHENSIVE INCOME	-	-	25,208	(1,941,758)	(1,916,550)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	8,886,040	-	-	-	8,886,040
Share issue transaction costs	(449,654)	-	-	-	(449,654)
BALANCE AT 31 DECEMBER 2009	25,425,677	1,274,400	172,750	(18,919,337)	7,953,490

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

AZUMAH RESOURCES LIMITED**31 DECEMBER 2009****CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Half-year	
	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(1,018,714)	(1,323,721)
Payments to suppliers and employees	(707,440)	(298,697)
Interest received	57,591	59,779
Net cash outflow from operating activities	(1,668,563)	(1,562,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(78,344)	-
Net cash outflow from investing activities	(78,344)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	8,736,040	1,944,000
Share issue transaction costs	(457,379)	-
Net cash inflow/(outflow) from financing activities	8,278,661	1,944,000
Net increase/(decrease) in cash and cash equivalents	6,531,754	381,361
Cash and cash equivalents at the beginning of the half-year	1,924,277	1,603,453
Effects of exchange rate changes on cash and cash equivalents	(325)	4,386
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	8,455,706	1,989,200

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half-yearly financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these statements are to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Azumah Resources Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Changes in Accounting Policy

Azumah Resources Limited had to change some of its accounting policies as the result of new or revised accounting standards which become operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Presentation of financial statements – revised AASB 101 *Presentation of Financial Statements*.
- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements* and changes made by AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*.
- Business combinations – revised AASB 3 *Business Combinations*.
- Segments – new AASB 8 *Operating Segments*.

Presentation of financial statements

AASB 101 (revised) prescribes the contents and structure of the financial statements. Changes reflected in these financial statements include:

- The replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- The adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- Other financial statements are renamed in accordance with the Standard.

Principles of consolidation

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the Group.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must now be remeasured to fair value and a gain or loss is recognised in profit or loss. This is consistent with the Group's previous accounting policy if significant influence is not retained.

The Group in future will allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

Lastly, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the Group's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as there are no non-controlling interests within the Group. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity and no dividends paid out of pre-acquisition profits.

Business combinations

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the Group recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as there were no acquisitions by the Group during the period.

Segment reporting

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a decrease in the number of reportable segments, as the previously reported Australia and Ghana segments have been combined as all activities support the exploration activities in Ghana.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the full Board of Directors.

AZUMAH RESOURCES LIMITED**31 DECEMBER 2009****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****NOTE 2: SEGMENT INFORMATION**

For management purposes, the Group has identified only one reportable segment as exploration activities undertaken in Ghana, West Africa. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

	Half-year	
	2009	2008
	\$	\$
Exploration Segment		
Segment revenue	-	17,459
Reconciliation of segment revenue to total revenue before tax:		
Interest revenue	125,725	70,035
Total revenue	<u>125,725</u>	<u>87,494</u>
Segment results	(1,543,180)	(1,086,970)
Reconciliation of segment result to net loss before tax:		
Other corporate and administration	(398,578)	(269,513)
Net loss before tax	<u>(1,941,758)</u>	<u>(1,356,483)</u>
	31 December	30 June 2009
	2009	2009
	\$	\$
Segment operating assets	142,479	85,309
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	8,616,511	1,974,810
Total assets	<u>8,758,990</u>	<u>2,060,119</u>

AZUMAH RESOURCES LIMITED

31 DECEMBER 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE

	2009 Shares	2009 \$	2008 Shares	2008 \$
Issues of ordinary shares during the half-year				
Issued for cash @ 20 cents per share	21,198,035	4,239,607	-	-
Issued for cash @ 16 cents per share	-	-	12,150,000	1,944,000
Issued for cash @ 9 cents per share	50,218,633	4,496,433	-	-
Issued as consideration for drilling services @ 9 cents per share	1,666,667	150,000	-	-
Share issue transaction costs	-	(449,654)	-	-
	73,083,335	8,436,386	12,150,000	1,944,000

	Number of options	
	2009	2008
Movements of options during the half-year		
Options expired on 6 December 2008, exercisable at 20 cents	-	(3,000,000)

NOTE 4: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 5: SUBSEQUENT EVENTS

On 1 February 2010 the Company issued 6 million ordinary shares as consideration for tenement acquisitions, with a deemed value of \$1,350,000.

During January and February 2010 a total of 1,750,000 ordinary shares were issued upon exercise of unlisted options for total proceeds of \$402,500.

No other matter or circumstance has arisen since 31 December 2009, 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.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2009

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Azumah Resources Limited will be able to pay its debts as and when they become due and payable.

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



Stephen Stone
Managing Director
Perth, 15 March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AZUMAH RESOURCES LIMITED

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Azumah Resources Limited for the period ended 31 December 2009 included on Azumah Resources Limited's web site. The disclosing entity's directors are responsible for the integrity of Azumah Resources Limited's web site. We have not been engaged to report on the integrity of Azumah Resources Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Azumah Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Azumah Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

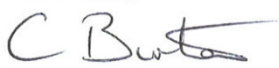
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Azumah Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Signed in Perth, Western Australia
Dated this 15th day of March 2010.