

Azumah Resources Limited

ABN 72 112 320 251

Annual Report

for the year ended 30 June 2011

Corporate Information

ABN 72 112 320 251

Directors

Michael Atkins (Non-executive Chairman)

Stephen Stone (Managing Director)

Geoffrey Jones (Non-executive Director)

Company Secretary

Dennis Wilkins

Registered Office

Ground Floor, 20 Kings Park Road

WEST PERTH WA 6005

Principal Place of Business

Suite 1, 2 Richardson Street

WEST PERTHWA 6005

Telephone: +61 89486 7911

Facsimile: +61 8 9486 4417

Solicitors

Gilbert + Tobin

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 Audit (WA) Pty Ltd

38 Station 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).

Contents

Chairman's Letter	3
Directors' Report	4
Auditor's Independence Declaration	14
Corporate Governance Statement	15
Consolidated Statement of Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Directors' Declaration	45
Independent Auditors' Report	46
ASX Additional Information	48

Chairman's Letter

Dear Shareholder,

I am very pleased to report that Azumah Resources Limited has continued to make excellent progress this past year at its Wa Gold Project, in Ghana's emerging north west gold province.

Accordingly, shareholders can look forward to an exciting period of growth as the Company expands exploration, concludes a Feasibility Study and fully positions itself to establish a mining operation in 2013.

Azumah has continued to maintain a very high level of drilling activity to ensure that its existing 1.2 million ounce gold resource is increased through additional discoveries and the extension of our existing flagship resources. The Company is highly regarded amongst its peers as one of the most active and capable junior explorers in West Africa, having completed some 190,000 metres of diamond, reverse circulation and aircore drilling the past year. The majority of this drilling has been and will continue to be directed at discovery and understanding the geology and mineralisation controls at Wa, a process which is essential for Azumah to unlock the full potential of the Company's vast and very prospective landholding.

Ghana remains the preferred destination in West Africa for resource development. With its focus on resources, it is set to be Africa's largest gold producer, and has already seen four new gold projects come on or about to come on stream this year. The political stability and encouragement of foreign investment has seen Ghana recently rated as having one of the World's fastest growing economies.

Azumah differentiates itself from many other West African junior explorers as it is very close to completing a Feasibility Study for the development of the Wa Gold Project. This will be the first commercial scale gold mining operation in the north west region of Ghana. Azumah's mantra is to 'strike while the ingot's hot' by which we mean to establish an operation as soon as possible in this very favourable prevailing environment of robust gold prices and availability of both equity and project finance. Once commissioned, we then intend to organically grow the project's gold production in parallel with our expected growth in gold resources.

The business case for its development is compelling. The Wa Gold Project has many excellent technical and financial attributes not least being: good grade; shallow open pittable mineralisation; relatively straightforward non-refractory metallurgy; easy access and good infrastructure; low country risk; modest operating costs; rapid capital payback; and plenty of opportunity to expand and extend mine life.

We do not underestimate the challenges in establishing a new gold operation. I am very pleased to see that your Managing Director, Stephen Stone, is building an excellent team of seasoned industry professionals from a range of critical disciplines to ensure that the Company's ambitions are achieved as rapidly and as cost effectively as possible.

Azumah has, in a very competitive employment environment, engaged a tremendous group of managers, technicians and especially some 17 high calibre geologists. This in part reflects the Wa Gold Project's excellent credentials, Azumah's sound position, a focus on training and the excellent accommodation and working facilities that the Company is establishing for its staff.

Azumah's vigorous exploration programme is fully funded well into 2012 and there is a broad range of institutions keen to participate in the financing of the Wa Gold Project development. Over the year, the ownership of Azumah has evolved to include several highly regarded international institutions, a number of whom are based in North America and Europe. To reflect this change and to provide access to a deeper pool of financing options ahead of an impending project development decision, Azumah recently completed a compliance listing on the Toronto Stock Exchange main board.

Your Board is delighted with the Company's progress over the last year and I wish to commend management and all employees on a job extremely well done. Through their efforts a number of the Company's core strategic milestones are well within our sights and the Company's prospects going forward are nothing less than excellent.

To all existing shareholders and to those that have joined the register more recently I thank you for your support and assure you that your Board and management team remain firmly focused on adding value to your investment in Azumah.

Michael Atkins
Chairman

28 September 2011

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 2011.

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

Michael Atkins, B.Comm, Non-executive Chairman (Member of audit and remuneration committees)

Michael Atkins is a Fellow of the Australian Institute of Company Directors.

Mr Atkins was a founding partner of a national Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia until resigning in June 2011.

Between 1987 and 1998 he was a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, USA, South East Asia and Africa. From 1990 to 1995 he was Managing Director and later a non-executive director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction, and then remained as a Non Executive Director until 1995. He was also founding Executive Chairman of Gallery Gold Ltd until 1998, and remained a Non Executive Director until 2000.

Since February 2009 Mr Atkins has been a Director - Corporate Finance at Patersons Securities Limited where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

He is currently non-executive Chairman of Australian listed companies Westgold Resources Ltd and Legend Mining Ltd.

Stephen Stone, BSc (Hons) Mining Geology, MAusIMM, FAICD, Managing Director

Mr Stone graduated with honours in Mining Geology from University of Wales, Cardiff and has since gained over 30 years operating, project evaluation, executive management and corporate development experience in the international mining and exploration industry.

Mr Stone worked for several years at the large open pit and underground copper mines of the Zambian Copper belt. He came to Australia in 1986 and since then has established, acquired projects and raised capital for several listed junior explorers. He has travelled widely and has visited and evaluated many mining and exploration projects throughout the world.

He joined Azumah as its Non-executive Chairman in November 2006, was appointed its Executive Chairman in December 2007 and Managing Director in October 2009.

Mr Stone is a Member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Australian Institute of Company Directors, a member of the Editorial Board of International Mining Magazine and a Non-executive Director of Avalon Minerals NL.

Geoffrey Jones, Non-executive Director (Chairman of audit and remuneration committees)

Mr Jones is an engineer with over 25 years hands-on experience in the evaluation, design, development, commissioning and operation of major resource projects in Australia and overseas, especially in Central and West Africa, including Ghana.

He was Group Project Engineer for ASX-listed Resolute Limited with responsibility for the successful development of its Obotan Gold Project in Ghana, Golden Pride Gold Project in Tanzania, as well as the Chalice and Bullabulling Gold Projects in Western Australia. For all of these projects, his involvement ranged from feasibility study preparation through to development, commissioning and operations.

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 Key Petroleum Limited, Enterprise Metals Limited and Minemakers Limited.

Directors' Report continued

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
Michael Atkins	200,000	1,000,000
Stephen Stone	7,633,633	5,500,000
Geoffrey Jones	-	1,000,000

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

Azumah Resources Limited is an Australian Securities Exchange (ASX: AZM) and Toronto Stock Exchange (TSX: AZR) listed junior resource company focused on exploring and developing the first stand-alone commercial scale gold mining operation at its 100% owned Wa Gold Project located in Ghana's emerging north-west gold province.

During the year the Company continued its aggressive exploration and related operational activities to increase the size of and confidence in its present gold inventory of 1.2 million ounces gold (*Table 1*). In parallel it continued the Feasibility Study to establish an initial 70,000 – 100,000 oz gold per year gravity and CIL gold operation. The plant is being specifically designed to be easily expanded as more resources are delineated.

In regards to its exploration activities, Azumah:

- **Discovered** new zones of mineralisation close to its open-ended flagship deposits.
- **Completed** high-resolution aeromagnetic surveys to provide full project area coverage. This data has been pivotal in assessing existing exploration data and generating new targets.
- **Increased** the Julie-Collette resource to 410,700 ounces.
- **Implemented** an aggressive drilling campaign which saw the completion by year end of 190,000m of a 250,000m drilling programme.
- **Undertook** high density infill drilling at Kunche and Bepkong to upgrade the confidence levels in the existing resources and to establish maiden reserves.
- **Submitted** an Environmental and Social Impact Assessment (ESIA) in May 2011 to the Ghanaian Environmental Protection Authority.
- **Constructed** a semi-permanent 50-person exploration camp with full support facilities at its Nadowli project headquarters. The camp is designed to be relocated and incorporated into a larger proposed mine site based camp for project construction and long term operations.
- **Established** at the Julie licences, a 25-person portable tented camp to support the major infill drilling and exploration programme in and around the Julie deposit, and proposed work at the Collette, Kjersti and Josephine prospects.
- **Boosted** the team of in-country senior expatriate and Ghanaian geologists to drive the Company's exploration objectives.

In regards to its Feasibility Study, Azumah:

- **Continued** the In-house Feasibility Study and appointed Lycopodium as process engineers.
- **Initiated** the Kunche–Bepkong and Julie maiden reserves and optimisation estimations.
- **Achieved** conditional acceptance of its environmental and social impact scoping report.
- **Conducted** preliminary community stakeholder meetings with no major issues being identified or raised.
- **Completed** site geotechnical and hydrogeological studies for planned open pits, plant site, waste and tailings facilities.
- **Completed** sterilisation drilling ahead of project development.

The Feasibility Study is almost completed pending finalisation of the updated resource estimation and maiden reserves and scheduling analysis which will be undertaken later in 2011.

Directors' Report continued

In regards to corporate activities, Azumah:

- **Raised** an additional \$30m for additional exploration and in the process added key institutional shareholders to the share register.
- **Extended** its relationships with the investment community including having published research being initiated and completed by five premium equity broking organisations in Australia, UK and North America.
- **Built** a strategic shareholding in neighbouring explorer, Castle Minerals Limited including by the issue of Azumah Resources shares as consideration.

In December 2010 Azumah completed a two tranche placement announced in October 2010 by issuing 50 million new ordinary shares at 60 cents per share in a move that was consistent with the Company's strategy of broadening its institutional shareholder base in the lead up to the development of a 70,000 – 100,000 oz a year- gold mine at Wa. The placement introduced new North American, European and Australian institutional investors and was lead managed by Toronto-based Clarus Securities Inc. and with Australian-based co-manager BGF Equities.

Subsequent to the reporting period, the Company completed a compliance listing of its securities on the main board of the Toronto Stock Exchange. The Company's strategy in undertaking the listing is to pave the way to access the deep pool of investors active in financing emerging gold producers in West Africa.

Table 1 Summary of JORC Reported Resources Wa Gold Project

Prospect	Indicated			Inferred			Total		
	Tonnes	Grade g/t Gold	Contained Ounces Gold	Tonnes	Grade g/t Gold	Contained Ounces Gold	Tonnes	Grade g/t Gold	Contained Ounces Gold
Kunche	4,900,000	2.0	318,000	3,600,000	1.7	198,000	8,500,000	1.9	516,000
Bepkong	1,040,000	2.5	82,000	1,930,000	2.1	130,000	2,970,000	2.2	212,000
Julie	3,438,000	2.2	246,000	1,489,000	2.2	104,000	4,927,000	2.2	350,100
Collette				909,000	2.1	60,600	909,000	2.1	60,600
Atikpi				350,000	1.4	15,500	350,000	1.4	15,500
Yagha				270,000	1.2	10,800	270,000	1.2	10,800
Total	9,378,000	2.1	646,000	8,548,000	1.9	518,900	17,926,000	2.0	1,165,000

1. Kunche Mineral Resource estimate quoted for blocks with greater than 1.0g/t gold. Refer ASX release September 2006. Estimate completed by Runge Limited (previously Resource Evaluations Ltd) in September 2006.
2. Bepkong, Atikipi and Yagha mineral Resource estimations quoted for blocks with grade of greater than 0.8 g/t gold. Estimation completed by CSA Global Pty Ltd in August 2008.
3. Julie Mineral Resource estimate quoted for blocks with grade greater the 1.0g/t gold. Estimation completed by CSA Global Pty Ltd in March 2010.
4. Collette Mineral Resource estimate quoted for blocks with grade greater the 1.0g/t gold. Estimation completed by CSA Global Pty Ltd in September 2010.
5. Details of the Bepkong, Atikpi and Yagha Mineral Resource estimations appear in ASX release dated 4th September 2008.
6. Details of the Julie Mineral Resource estimation appear in ASX release dated 24th March 2010.
7. Details of the Collette Mineral Resource estimation appear in ASX release dated 10th September 2010.
8. Differences may apply due to rounding errors.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Stephen Stone. Mr Stone is the Managing Director of Azumah Resources Limited. Mr Stone is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stone consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report that relates to in-situ Mineral Resource estimates for Bepkong, Collette Yagha and Atikpi is based on information compiled by Mr David Williams, an employee of CSA Global Pty Ltd, geological consultants. Mr Williams is the competent person for the Bepkong, Collette, Yagha and Atikpi estimates and takes overall responsibility for these. Mr Williams is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Williams consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report that relates to in-situ Mineral Resource estimate for Julie is based on information compiled by Mr Stephen Hodgson, an employee of CSA Global Pty Ltd, geological consultants. Mr Hodgson is the competent person for the Julie estimate and takes overall responsibility for this. Mr Hodgson is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hodgson consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Directors' Report continued

The information in this presentation that relates to Mineral Resources at the Kunche Project is based on a resource estimate that has been audited by Mr Aaron Green, who is a full time employee of Runge Limited. Aaron Green is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Green consents to the inclusion in the presentation of the matters based on information in the form and context in which it appears.

Forward Looking Statement

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

All notes pertaining to the above referred to resource estimates can be viewed at www.azumahresources.com.au

Finance Review

The Group began the financial year with a cash reserve of \$14,032,350. During November 2010 the Company issued 50,000,000 ordinary shares to raise \$30,000,000 (before costs). 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 \$16,772,742. In line with the Company's accounting policies, all exploration expenditure was written off at year end. Net administration expenditure incurred amounted to \$5,018,202. This has resulted in an operating loss after income tax for the year ended 30 June 2011 of \$21,790,944 (2010: \$10,242,288).

At 30 June 2011 cash and cash equivalents totalled \$18,101,507.

Operating Results for the Year

Summarised operating results are as follows:

	2011	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss from ordinary activities before income tax expense	1,035,527	(21,790,944)

Shareholder Returns

	2011	2010
Basic loss per share (cents)	(8.7)	(6.0)

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.

Directors' Report continued

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.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The Remuneration Committee consists of Michael Atkins and Geoff Jones (Chairman). 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. 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.

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. 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 an option pricing methodology depending on the terms of the options.

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 Group has recently introduced short term incentives into executive remuneration packages, upon the satisfaction of specific performance goals. The performance goals are based on the Group delineating JORC gold resources of specific sizes and grades with the criteria set individually for the executives in their respective service agreements. No bonuses have been paid during the 2011 financial year based on the satisfaction of contractual performance goals.

However, the Remuneration Committee proposed a cash bonus be paid to the Managing Director based on their positive assessment of his performance during the 2010 calendar year. The bonus was approved by the Board and paid during the 2011 financial year.

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

No relationship exists between shareholder wealth, director and executive remuneration and Company performance due to the infant stage of the Company's operations.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2011	2010	2009	2008	2007
	\$	\$	\$	\$	\$
Revenue	1,035,527	314,411	124,889	265,629	148,727
Net loss	(21,790,944)	(10,242,288)	(2,628,113)	(4,204,544)	(3,154,449)
Loss per share (cents)	(8.7)	(6.0)	(2.8)	(5.2)	(4.9)
Share price at year end (cents)	54.0	41.0	13.5	19.0	25.0

No dividends have been paid.

Directors' Report continued

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 page 4 and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the Group:

- Cheryl Morton – *Senior Geologist – Wa Gold Project*
- Paul Amoako-Atta – *Mineral Licence Manager*
- Anthony Greenaway – *General Manager – Exploration, appointed 13 September 2010, resigned 30 April 2011*
- Alan Thompson – *Project Study Manager – Wa Gold Project, resigned 31 March 2011*
- Steven Woods – *General Manager – Exploration, appointed 17 May 2010, terminated 23 July 2010*
- Bernard Aylward – *General Manager, resigned 1 April 2010*

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

	Salary & Fees \$	Short-Term		Post Employment		Share-based	Total \$	Percentage	Percentage
		Cash Bonus \$	Non Monetary \$	Super- annuation \$	Retirement benefits \$	Payments Options \$		Relevant to Options %	Performanc e Related %
Directors									
Michael Atkins									
2011	60,000	-	6,013	5,400	-	272,899	344,312	79.3	-
2010	41,591	-	1,801	3,743	-	80,241	127,376	63.0	-
Stephen Stone									
2011	293,000	100,000	6,013	-	-	682,248	1,081,261	63.1	9.2
2010	262,300	-	2,701	-	-	200,604	465,605	43.1	-
Geoffrey Jones									
2011	45,000	-	6,013	4,050	-	272,899	327,962	83.2	-
2010	31,072	-	1,801	2,796	-	80,241	115,910	69.2	-
Michael Ivey (resigned 21 October 2009)									
2010	24,075	-	900	-	-	-	24,975	-	-
Joe Ariti (resigned 20 October 2009)									
2010	11,628	-	900	-	-	-	12,528	-	-
Other key management personnel									
Dennis Wilkins									
2011	132,452	-	-	-	-	-	132,452	-	-
2010	98,656	-	-	-	-	-	98,656	-	-
Cheryl Morton									
2011	197,248	-	-	17,752	-	408,000	623,000	65.5	-
2010	30,581	-	-	2,752	-	-	33,333	-	-
Paul Amoako-Atta ⁽¹⁾									
2011	66,976	-	-	-	-	-	66,976	-	-
2010	35,661	-	-	-	-	-	35,661	-	-
Anthony Greenaway (appointed 13 September 2010, resigned 30 April 2011)									
2011	140,179	-	-	12,616	-	419,600	572,395	73.3	-
Alan Thompson (appointed 8 March 2010, resigned 31 March 2011)									
2011	183,173	-	-	16,486	-	-	199,659	-	-
2010	71,828	-	-	6,464	-	-	78,292	-	-
Steven Woods (appointed 17 May 2010, terminated 23 July 2010)									
2011	32,567	-	-	2,931	-	-	35,498	-	-
2010	23,590	-	-	2,123	-	-	25,713	-	-
Bernard Aylward (resigned 1 April 2010)									
2010	181,515	-	-	-	-	-	181,515	-	-
Total key management personnel compensation									
2011	1,150,595	100,000	18,039	59,235	-	2,055,646	3,383,515		
2010	812,497	-	8,103	17,878	-	361,086	1,199,564		

(1) In addition to the above remuneration a total of \$445,537 (2010: \$376,725) was paid to Terrex Limited, a Ghanaian registered company of which Mr Amoako-Atta is a director and shareholder. Terrex Limited provided in country exploration, geological and field personnel and support services, and tenement management services to the Group during the year and the amounts paid were at arm's length.

Directors' Report continued

Service agreements

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

Stephen Stone, Managing Director:

- Term of agreement – 12 months from 1 January 2010, automatically renewed for further 12 month periods on expiration of the previous term, unless the Company gives more than 3 months notice prior to the end of a term, that the agreement is not to be renewed.
- Annual consulting fees of \$276,000 from 1 January 2010 increased to \$310,000 from 1 January 2011 paid to West One Management Pty Ltd, a company controlled by Mr Stone.
- The agreement may be terminated by the Company giving 6 months notice in writing, or by Mr Stone giving 3 months written notice, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

Dennis Wilkins, Company Secretary:

- Term of agreement – Ongoing, with 3 months notice of termination required.
- Mr Wilkins' firm, DWCorporate, is engaged to provide accounting and company secretarial services. The agreement provides for a monthly retainer of \$1,750 with additional fees charged on an hourly basis, and all amounts are included in Mr Wilkins' remuneration. There are no benefits payable on termination other than entitlements accrued to the date of termination.

Cheryl Morton, Senior Geologist, Wa Gold Project:

- Term of agreement – Commencing 1 May 2010 until terminated in accordance with the agreement.
- Annual salary of \$200,000, excluding superannuation, to be increased at the end of each calendar year during the term by a minimum of CPI.
- The agreement may be terminated by either party giving two months notice in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

None of the other directors or key management personnel have service agreements in place.

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, there were no options forfeited during the year:

	Grant Date	Granted Number	Vested Number	Date Vesting and Exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents) ⁽¹⁾	Exercised Number	% of Remuneration
Directors									
Michael Atkins	18/05/2010	1,000,000	Nil	31/12/2010 ⁽²⁾	15/12/2013	26	42.4	N/A	79.3
Stephen Stone	18/05/2010	2,500,000	Nil	31/12/2010 ⁽²⁾	15/12/2013	26	42.4	N/A	63.1
Geoffrey Jones	18/05/2010	1,000,000	Nil	31/12/2010 ⁽²⁾	15/12/2013	26	42.4	N/A	83.2
Other key management personnel									
Anthony Greenaway									
Anthony Greenaway	13/09/2010	1,000,000	1,000,000	13/03/2011	15/12/2013	92.4	42.0	N/A	73.3
Cheryl Morton	21/01/2011	1,000,000	1,000,000	21/01/2011	15/12/2013	92.4	40.8	N/A	65.5

(1) The value at grant date in accordance with AASB 2: Share Based Payments of options granted during the year as part of remuneration. For options granted during the current year, the valuation inputs were as follows:

	Underlying Share Price (cents)	Exercise Price (cents)	Volatility	Valuation Date	Expiration Date
Anthony Greenaway	60	92.4	124.39%	13/09/2010	15/12/2013
Cheryl Morton	63	92.4	118.90%	21/01/2011	15/12/2013

(2) These options have a performance vesting condition attached, being completion of a Feasibility Study on the Company's Wa Project which demonstrates positive commercial returns of a level equal to or better than generally accepted benchmarks for assessment of such projects at the time of completion of the Feasibility Study. Management have estimated that this vesting condition will be satisfied by 30 September 2011 for the purposes of valuing these options.

Directors' Report continued

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director of Azumah Resources Limited and other key management personnel of the Group are set out below:

	Number of ordinary shares issued on exercise of options during the year		Amount paid per ordinary share (cents)	
	2011	2010	2011	2010
Directors				
Stephen Stone	3,000,000	500,000	16.7	23
Other Key Management Personnel				
Dennis Wilkins	250,000	250,000	30	23

No amounts are unpaid on any shares issued on the exercise of options.

End of audited Remuneration Report

DIRECTORS' MEETINGS

During the year the Company held five 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
Michael Atkins	5	5	2	2	3	3
Stephen Stone	5	5	*	*	*	*
Geoffrey Jones	5	5	2	2	3	3

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.

SHARES UNDER OPTION

At the date of this report there are 9,250,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	12,500,000
Movements of share options during the year:	
Issued, exercisable at 92.4 cents on or before 15 December 2013	2,500,000
Exercised at 14 cents, on or before 30 April 2011	(2,500,000)
Exercised at 30 cents, on or before 31 January 2011	(1,250,000)
Exercised at 40 cents, on or before 31 January 2012	(1,000,000)
Cancelled, exercisable at 92.4 cents on or before 15 December 2013	(1,000,000)
Total number of options outstanding as at 30 June 2011 and the date of this report	9,250,000

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Number of options
21 Feb 2009	31 Jan 2012	40	750,000
30 Apr 2009	30 Apr 2013	14	2,500,000
21 May 2010	15 Dec 2013	26	4,500,000
27 Jan 2011	15 Dec 2013	92.4	1,500,000
Total number of options outstanding at the date of this report			9,250,000

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.

Directors' Report continued

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Azumah Resources Limited were issued during the year ended 30 June 2011, and up to the date of this report, on the exercise of options. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
21 February 2007	30 cents	1,250,000
21 February 2007	40 cents	500,000
23 November 2007	40 cents	500,000
30 April 2008	14 cents	2,500,000
		4,750,000

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 \$18,038.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Audit (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 Corporate Tax (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

	2011	2010
	\$	\$
Taxation compliance services	8,250	5,956

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 14.

Signed in accordance with a resolution of the directors.



Stephen Stone
Managing Director

Perth, 28 September 2011

28 September 2011

Azumah Resources Limited
The Board of Directors
Suite 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 2011, 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 Audit (WA) Pty Ltd
Perth, Western Australia

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 the Second Edition Recommendations (except for the 2010 amendments) and the following table sets out the Company's present position in relation to each of the 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	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	
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	A	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	A	
2.4	The board should establish a nomination committee	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	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	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	Replaced by Listing Rules 12.9-12.12		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: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members 	A A A 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	

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	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. Determined areas of risk which are regularly considered include: <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	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.
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

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2011	Notes	Consolidated	
		2011	2010
		\$	\$
REVENUE	4	1,035,527	311,136
Other income	5	-	3,275
EXPENDITURE			
Depreciation expense		(92,286)	(46,140)
Salaries and employee benefits expense		(707,376)	(413,826)
Exploration expenditure		(16,772,742)	(7,911,689)
Impairment expense	6	(1,288,285)	(724,528)
Administration expenses		(1,739,809)	(1,099,430)
Share-based payments expense	25	(2,225,973)	(361,086)
LOSS BEFORE INCOME TAX		(21,790,944)	(10,242,288)
INCOME TAX BENEFIT / (EXPENSE)	7	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF AZUMAH RESOURCES LIMITED		(21,790,944)	(10,242,288)
OTHER COMPREHENSIVE LOSS			
Net loss on revaluation of financial assets		(1,352,629)	-
Exchange differences on translation of foreign operations		137,693	17,685
Other comprehensive loss for the year, net of tax		(1,214,936)	17,685
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF AZUMAH RESOURCES LIMITED		(23,005,880)	(10,224,603)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	24	(8.7)	(6.0)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2011	Notes	Consolidated	
		2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	18,101,507	14,032,350
Trade and other receivables	9	87,434	198,328
Available-for-sale financial assets	10	10,455,514	-
TOTAL CURRENT ASSETS		28,644,455	14,230,678
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,906,530	243,243
TOTAL NON-CURRENT ASSETS		1,906,530	243,243
TOTAL ASSETS		30,550,985	14,473,921
CURRENT LIABILITIES			
Trade and other payables	12	1,948,146	1,687,206
TOTAL CURRENT LIABILITIES		1,948,146	1,687,206
TOTAL LIABILITIES		1,948,146	1,687,206
NET ASSETS		28,602,839	12,786,715
EQUITY			
Contributed equity	13	74,801,900	38,205,869
Reserves	14	2,811,750	1,800,713
Accumulated losses		(49,010,811)	(27,219,867)
TOTAL EQUITY		28,602,839	12,786,715

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2011

Consolidated	Notes	Contributed Equity \$	Options Reserve \$	Fair Value Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2009		16,989,291	1,274,400	-	147,542	(16,977,579)	1,433,654
Loss for the year		-	-	-	-	(10,242,288)	(10,242,288)
OTHER COMPREHENSIVE INCOME							
Exchange differences on translation of foreign operations		-	-	-	17,685	-	17,685
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	17,685	(10,242,288)	(10,224,603)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year	13	22,368,540	-	-	-	-	22,368,540
Share issue transaction costs	13	(1,151,962)	-	-	-	-	(1,151,962)
Employee and contractor options		-	361,086	-	-	-	361,086
BALANCE AT 30 JUNE 2010		38,205,869	1,635,486	-	165,227	(27,219,867)	12,786,715
Loss for the year		-	-	-	-	(21,790,944)	(21,790,944)
OTHER COMPREHENSIVE INCOME							
Net loss on revaluation of financial assets		-	-	(1,352,629)	-	-	(1,352,629)
Exchange differences on translation of foreign operations		-	-	-	137,693	-	137,693
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	(1,352,629)	137,693	(21,790,944)	(23,005,880)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year	13	38,285,472	-	-	-	-	38,285,472
Share issue transaction costs	13	(1,689,441)	-	-	-	-	(1,689,441)
Employee and contractor options		-	2,225,973	-	-	-	2,225,973
BALANCE AT 30 JUNE 2011		74,801,900	3,861,459	(1,352,629)	302,920	(49,010,811)	28,602,839

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

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2011	Notes	Consolidated	
		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,213,855)	(1,698,330)
Interest received		1,135,523	171,235
Expenditure on mining interests		(13,931,594)	(6,178,837)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	23(a)	(15,009,926)	(7,705,932)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for available-for-sale financial assets		(8,983,943)	-
Payments for property, plant and equipment		(1,932,736)	(195,428)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(10,916,679)	(195,428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		32,041,272	20,868,540
Payment of share issue costs		(2,024,721)	(858,907)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		30,016,551	20,009,633
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,089,946	12,108,273
Cash and cash equivalents at the beginning of the financial year		14,032,350	1,924,277
Effects of exchange rate changes on cash and cash equivalents		(20,789)	(200)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	18,101,507	14,032,350

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Azumah Resources Limited and its subsidiaries. The financial statements are presented in the Australian currency. Azumah Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 28 September 2011. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the Azumah Resources Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 and financial assets and liabilities (including derivatives) at fair value through the profit and loss.

(b) Principles of consolidation

(i) 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 2011 and the results of all subsidiaries for the year then ended. Azumah Resources Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all 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 acquisition method of accounting is used to account for business combinations by the Group.

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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

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

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Azumah Resources Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

Notes to the Financial Statements continued

30 JUNE 2011

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

(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 profit or loss.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income 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 in other comprehensive income.

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 recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(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 applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

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 profit or loss on a straight-line basis over the period of the lease.

Notes to the Financial Statements continued

30 JUNE 2011

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

(h) Business combinations

The acquisition 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. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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 similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(i) Impairment of assets

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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For statement of cash flows 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.

(k) Financial assets

Classification

The Group classifies its financial assets in the following categories: as loans and receivables; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

(i) 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 recognised initially at fair value and subsequently at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

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 statement of comprehensive income 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 statement of comprehensive income.

(ii) 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 the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as 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.

Notes to the Financial Statements continued

30 JUNE 2011

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

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 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 other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

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

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment 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 profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(l) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of property, 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 rate of depreciation for property is 2.5% and for plant and equipment the rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 statement of comprehensive income.

(m) Exploration and evaluation costs

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

Notes to the Financial Statements continued

30 JUNE 2011

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

(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. They are recognised initially at fair value and subsequently at amortised cost. 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 reporting date are recognised in other payables in respect of employees' services up to the reporting 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.

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 owners 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 statement of financial position.

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 statement of financial position 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.

Notes to the Financial Statements continued

30 JUNE 2011

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

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group'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.

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

Notes to the Financial Statements continued

30 JUNE 2011

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

AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

Notes to the Financial Statements continued

30 JUNE 2011

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

AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011)

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

AASB 7: Financial Instruments: Disclosure (applies to periods beginning on or after 1 January 2011)

This Standard deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. This Standard is not expected to impact the Group.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

(t) Critical accounting estimates and judgements

The preparation of these financial statements 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. If any of these assumptions were to change, there may be an impact on the amounts reported.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate 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 Managing Director, 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 operates internationally and is 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 functional currency of the subsidiary companies is the US dollar. All parent entity balances are in Australian dollars and all Group balances are in either Australian or US dollars, so the Group does not have any exposure to foreign currency risk at the reporting date (2010: Nil exposure).

Notes to the Financial Statements continued

30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (cont'd)

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as available-for-sale. Given the current level of operations, the Group is not currently exposed to commodity price risk. The Group's equity investments are publicly traded on the ASX, with the investments being made for strategic purposes identified by the Board of Directors. The price risk is monitored by the Board and evaluated in accordance with these strategic outcomes.

Sensitivity analysis

At 30 June 2011, if the value of the equity instruments held had increased/decreased by 15% with all other variables held constant, post-tax loss for the Group would not have changed and equity would have been \$1,568,327 higher/lower as a result of gains/losses on equity securities classified as available-for-sale (2010: N/A).

(iii) Interest rate risk

The Group is 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 2011, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$197,000 lower/higher (2010: +/- 100 basis points, \$64,000 lower/higher) as a result of lower/higher interest income from cash and cash equivalents. The directors believe that in the current economic environment a 1% increase in interest rates is reasonable given comments made by the Reserve Bank of Australia.

(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 statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group 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 are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting 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 at the balance date are recorded at amounts approximating their carrying amount due to their short term nature.

Notes to the Financial Statements continued

30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
3. SEGMENT INFORMATION		
Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified only one reportable segment being 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.		
Exploration segment		
Segment revenue	-	3,275
Reconciliation of segment revenue to total revenue before tax:		
Interest revenue	1,035,527	311,136
Total revenue	1,035,527	314,411
Segment results	(18,135,911)	(8,668,291)
Reconciliation of segment result to net loss before tax:		
Depreciation	(23,264)	(10,792)
Other corporate and administration	(3,631,769)	(1,563,205)
Net loss before tax	(21,790,944)	(10,242,288)
Depreciation included in segment result above	69,021	30,338
Segment operating assets	1,853,506	280,852
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	28,697,479	14,193,069
Total assets	30,550,985	14,473,921
Total assets includes additions to property, plant and equipment:		
Exploration segment	1,891,629	131,577
Other corporate and administration	41,107	63,851
	1,932,736	195,428
Segment operating liabilities	1,748,699	1,255,476
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	199,447	431,730
Total liabilities	1,948,146	1,687,206
4. REVENUE		
Other revenue		
Interest	1,035,527	311,136
5. OTHER INCOME		
Foreign exchange gains	-	3,275

Notes to the Financial Statements continued

30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
6. EXPENSES		
Loss before income tax includes the following specific expenses:		
Minimum lease payments relating to operating leases	95,255	90,423
Defined contribution superannuation expense	68,835	17,879
Impairment of trade and other receivables	1,288,285	724,528
Foreign exchange losses	119,438	-
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	(21,790,944)	(10,242,288)
Prima facie tax benefit at the Australian tax rate of 30% (2010: 30%)	(6,537,283)	(3,072,686)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	667,792	108,326
Sundry items	932	246
	(5,868,559)	(2,964,114)
Movements in unrecognised temporary differences	5,146,523	2,441,461
Tax effect of current year tax losses for which no deferred tax asset has been recognised	722,036	522,653
Income tax expense/(benefit)	-	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
<i>On Income Tax Account</i>		
Capital raising costs	618,324	298,967
Allowance for impairment	696,071	416,661
Carry forward foreign losses	9,326,414	4,764,692
Carry forward tax losses (revenue and capital)	1,908,023	1,984,954
	12,548,832	7,465,274
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.

The Group's ability to use losses in the future is subject to the companies in the Group satisfying the relevant tax authority's criteria for using these losses.

Notes to the Financial Statements continued

30 JUNE 2011

	Consolidated	
	2011	2010
	\$	\$
8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	5,225,310	1,459,334
Short-term deposits ⁽¹⁾	12,876,197	12,573,016
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	<u>18,101,507</u>	<u>14,032,350</u>

(1) Short-term deposits include an amount of \$56,197 (2010: \$53,016) held as security for a bank guarantee facility. This amount is not available for use by the Group.

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	2,355,153	1,432,206
Allowance for impairment (note (a))	(2,320,238)	(1,388,870)
Sundry receivables	52,519	154,992
	<u>87,434</u>	<u>198,328</u>

Sundry receivables are not past due nor impaired, and based on history are expected to be fully recoverable. Refer to note (a) below for further details on Government taxes receivable.

(a) Impaired receivables

As at 30 June 2011 the VAT receivable from the Group's operations in Ghana, with a nominal value of \$2,320,238 (2010: \$1,388,870), has been provided for in full. The VAT may only be recoverable once the Group's operations are producing revenue in Ghana.

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

Balance at the beginning of the year	1,388,870	685,896
Provision for impairment recognised during the year	1,288,285	724,528
Foreign exchange movements	(356,917)	(21,554)
	<u>2,320,238</u>	<u>1,388,870</u>

10. CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

Australian listed equity securities	<u>10,455,514</u>	-
-------------------------------------	-------------------	---

All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price risk refer to note 2.

Notes to the Financial Statements continued

30 JUNE 2011

	Freehold Buildings	Plant and Equipment	Total
	\$	\$	\$
11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT			
At 1 July 2009			
Cost	-	259,065	259,065
Accumulated depreciation	-	(159,321)	(159,321)
Net book amount	-	99,744	99,744
Year ended 30 June 2010			
Opening net book amount	-	99,744	99,744
Exchange differences	-	(5,789)	(5,789)
Additions	-	195,428	195,428
Depreciation charge	-	(46,140)	(46,140)
Closing net book amount	-	243,243	243,243
At 30 June 2010			
Cost	-	405,924	405,924
Accumulated depreciation	-	(162,681)	(162,681)
Net book amount	-	243,243	243,243
Year ended 30 June 2011			
Opening net book amount	-	243,243	243,243
Exchange differences	(87,804)	(89,359)	(177,163)
Additions	1,251,453	681,283	1,932,736
Depreciation charge	(2,150)	(90,136)	(92,286)
Closing net book amount	1,161,499	745,031	1,906,530
At 30 June 2011			
Cost	1,163,529	984,283	2,147,812
Accumulated depreciation	(2,030)	(239,252)	(241,282)
Net book amount	1,161,499	745,031	1,906,530

(a) Assets in the course of construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which is in the course of construction:

	Consolidated	
	2011	2010
	\$	\$
Freehold buildings	1,035,706	-
Plant and equipment	-	-
	1,035,706	-

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	1,810,475	1,653,647
Other payables and accruals	137,671	33,559
	1,948,146	1,687,206

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

		2011		2010	
	Notes	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	13(b), 13(d)	281,650,355	74,801,900	214,446,055	38,205,869
Total contributed equity		281,650,355	74,801,900	214,446,055	38,205,869

Notes to the Financial Statements continued

30 JUNE 2011

	2011		2010	
	Number of shares	\$	Number of shares	\$
13. CONTRIBUTED EQUITY (cont'd)				
(b) Movements in ordinary share capital				
Beginning of the financial year	214,446,055	38,205,869	102,212,720	16,989,291
Issued during the year:				
– Issued for cash @ 60 cents per share	50,000,000	30,000,000	-	-
– Issued for cash @ 54 cents per share	1,696,800	916,272	-	-
– Issued for cash @ 40 cents per share	-	-	27,900,000	11,160,000
– Issued on exercise of 40 cent options	1,000,000	400,000	-	-
– Issued on exercise of 30 cent options	1,250,000	375,000	500,000	150,000
– Issued on exercise of 23 cent options	-	-	1,750,000	402,500
– Issued for cash @ 22 cents per share	-	-	50,218,633	4,496,433
– Issued for cash @ 20 cents per share	-	-	21,198,035	4,239,607
– Issued for cash @ 16 cents per share	-	-	-	-
– Issued on exercise of 14 cent options	2,500,000	350,000	3,000,000	420,000
– Issued for cash @ 9 cents per share	-	-	-	-
– Issued as consideration for tenement acquisition	6,000,000	3,420,000	6,000,000	1,350,000
– Issued as consideration for financial asset acquisition	4,757,500	2,824,200	-	-
– Issued as consideration for drilling services	-	-	1,666,667	150,000
Less: Transaction costs	-	(1,689,441)	-	(1,151,962)
End of the financial year	281,650,355	74,801,900	214,446,055	38,205,869

(c) Movements in options on issue

	Number of options	
	2011	2010
Beginning of the financial year	12,500,000	13,250,000
Issued during the year:		
– Exercisable at 26 cents, on or before 15 Dec 2013	-	4,500,000
– Exercisable at 92.4 cents, on or before 15 Dec 2013	2,500,000	-
Exercised/expired/cancelled during the year:		
– Exercisable at 14 cents, 30 Apr 2010	-	(3,000,000)
– Exercisable at 14 cents, 30 Apr 2011	(2,500,000)	-
– Exercisable at 23 cents, 31 Jan 2010	-	(1,750,000)
– Exercisable at 30 cents, 31 Jan 2011	(1,250,000)	(500,000)
– Exercisable at 40 cents, 31 Jan 2012	(1,000,000)	-
– Exercisable at 92.4 cents, 15 Dec 2013	(1,000,000)	-
End of the financial year	9,250,000	12,500,000

(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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Notes to the Financial Statements continued

30 JUNE 2011

Consolidated

2011	2010
\$	\$

13. CONTRIBUTED EQUITY (cont'd)

(e) Capital risk management

The Group'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 positions of the Group at 30 June 2011 and 30 June 2010 are as follows:

Cash and cash equivalents	18,101,507	14,032,350
Trade and other receivables	87,434	198,328
Available-for-sale financial assets	10,455,514	-
Trade and other payables	(1,948,146)	(1,687,206)
Working capital position	26,696,309	12,543,472

14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Foreign currency translation reserve	302,920	165,227
Share-based payments reserve	3,861,459	1,635,486
Fair value reserve	(1,352,629)	-
	2,811,750	1,800,713

(b) 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.

(iii) Fair value reserve

Changes in the fair value of investments classified as available-for-sale financial assets are recognised in other comprehensive income as described in note 1(k) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

15. DIVIDENDS

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

Notes to the Financial Statements continued

30 JUNE 2011

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated	
	2011	2010
	\$	\$
Short-term benefits	1,268,634	820,600
Post employment benefits	59,234	17,878
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	2,055,646	361,086
	3,383,515	1,199,564

(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 the remuneration report on pages 11 and 12.

(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:

2011	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>							
Michael Atkins	1,000,000	-	-	-	1,000,000	-	1,000,000
Stephen Stone	8,500,000	-	(3,000,000)	-	5,500,000	3,000,000	2,500,000
Geoffrey Jones	1,000,000	-	-	-	1,000,000	-	1,000,000
<i>Other key management personnel of the Group</i>							
Dennis Wilkins	500,000	-	(250,000)	-	250,000	250,000	-
Cheryl Morton	-	1,000,000	-	-	1,000,000	1,000,000	-
Anthony Greenaway	-	1,000,000	-	(1,000,000)	-	-	-

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

2010	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>							
Michael Atkins	-	1,000,000	-	-	1,000,000	-	1,000,000
Stephen Stone	6,500,000	2,500,000	(500,000)	-	8,500,000	6,000,000	2,500,000
Geoffrey Jones	-	1,000,000	-	-	1,000,000	-	1,000,000
Michael Ivey	1,500,000	-	-	(1,500,000)	-	-	-
Joe Ariti	1,500,000	-	-	(1,500,000)	-	-	-
<i>Other key management personnel of the Group</i>							
Dennis Wilkins	750,000	-	(250,000)	-	500,000	500,000	-
Bernard Aylward	3,000,000	-	-	(3,000,000)	-	-	-

Notes to the Financial Statements continued

30 JUNE 2011

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(iii) Shareholdings

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.

2011

	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⁾
<i>Directors of Azumah Resources Limited</i>				
Ordinary shares				
Michael Atkins	100,000	-	100,000	200,000
Stephen Stone	5,133,633	3,000,000	(500,000)	7,633,633
<i>Other key management personnel of the Group</i>				
Ordinary shares				
Dennis Wilkins	-	250,000	(50,000)	200,000
Paul Amoako-Atta	3,950,000	-	(700,000)	3,250,000
Cheryl Morton	-	-	-	-

2010

	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⁾
<i>Directors of Azumah Resources Limited</i>				
Ordinary shares				
Michael Atkins	-	-	100,000	100,000
Stephen Stone	4,633,633	500,000	-	5,133,633
Michael Ivey	84,614	-	(84,614)	-
Joe Ariti	200,000	-	(200,000)	-
<i>Other key management personnel of the Group</i>				
Ordinary shares				
Paul Amoako-Atta	4,625,000	-	(675,000)	3,950,000
Bernard Aylward	250,000	-	(250,000)	-

(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

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. At 30 June 2011 there was an outstanding amount owing to DWCorporate Pty Ltd of \$9,443 (2010: \$1,884).

Terrex Limited, a Ghanaian registered company of which Mr Amoako-Atta is a director and shareholder, provided in country exploration, geological and field personnel and support services, and tenement management services to the Group during the year totalling \$445,537 (2010: \$376,725). The amounts paid were on arms length commercial terms. At 30 June 2011 there was an outstanding amount owing to Terrex Limited of \$97,925 (2010: \$164,601).

Notes to the Financial Statements continued

30 JUNE 2011

Consolidated

2011	2010
\$	\$

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 Audit (WA) Pty Ltd – audit and review of financial reports	40,406	26,677
Non-related audit firm for the audit or review of financial reports of Group subsidiary entities	6,550	10,427
Total remuneration for audit services	46,956	37,104

(b) Non-audit services

BDO Corporate Tax (WA) Pty Ltd – taxation compliance services	8,250	5,956
Total remuneration for other services	8,250	5,956

18. CONTINGENCIES**Tenement Acquisition Agreements**

In relation to three tenement acquisition agreements the Group entered into with Crew Gold Corporation (“Crew”) prior to 30 June 2009, Crew is entitled to a royalty of 1% of the gross receipts from any saleable gold materials produced from any of the tenements the subject of the agreements, except for the initial 300,000 ounces of saleable gold materials per each agreement.

Ghanaian Government’s Rights to Participation in Mining Projects

- The Government is entitled to a 10% interest in any mineral operations in respect of mineral rights held in Ghana without the payment of compensation. However, it is not usual for the Government to exercise this option in relation to the holder of reconnaissance rights.
- The Government also has the option of acquiring an additional 20% interest in the rights and obligations in any mineral operations where any mineral is discovered in commercial quantities. The acquisition of this further 20% interest must be on terms agreed upon between the holder of the mining lease and the Government. Since the law was passed in 1986, the Government has never exercised this option.

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	160,000	134,301
later than one year but not later than five years	-	-
	160,000	134,301

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

Minimum lease payments		
within one year	50,629	85,137
later than one year but not later than five years	-	50,629
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	50,629	135,766

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.

Notes to the Financial Statements continued

30 JUNE 2011

Consolidated

2011	2010
\$	\$

19. COMMITMENTS (cont'd)**(c) Remuneration commitments**

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in the remuneration report on page 11 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year	192,833	209,167
later than one year but not later than five years	-	-
	<u>192,833</u>	<u>209,167</u>

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	7,145,922	3,448,645
--	-----------	-----------

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

Azumah Resources Limited has provided unsecured, interest free loans to each of its wholly owned subsidiaries totalling \$35,397,955 (2010: \$16,356,037) at 30 June 2011. 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⁾	
			2011	2010
			%	%
Azumah Resources Ghana Ltd	Ghana	Ordinary	100	100
Phoenix Resources Ltd	Ghana	Ordinary	100	100
Azumah Metals (Ghana) Ltd	Ghana	Ordinary	100	100

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

22. EVENTS OCCURRING AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2011, 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 2011

Consolidated

2011	2010
\$	\$

23. STATEMENT OF CASH FLOWS**(a) Reconciliation of net loss after income tax to net cash outflow from operating activities**

Net loss for the year	(21,790,944)	(10,242,288)
Non-Cash Items		
Depreciation of non-current assets	92,286	46,140
Option expense	2,225,973	361,086
Net exchange differences	138,834	16,569
Expenses settled by issue of shares	3,420,000	1,500,000
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
Decrease/(increase) in trade and other receivables	110,894	(162,230)
Increase in trade and other payables	793,031	774,791
Net cash outflow from operating activities	(15,009,926)	(7,705,932)

(b) Non-cash investing and financing activities

During the current financial year the Company issued 4,757,500 ordinary shares with a total deemed cost of \$2,824,200 as consideration for the acquisition of available-for-sale financial assets.

24. LOSS PER SHARE**(a) Reconciliation of earnings used in calculating loss per share**

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share

(21,790,944)	(10,242,288)
--------------	--------------

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

281,650,355	171,678,530
-------------	-------------

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2011, 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.

25. SHARE-BASED PAYMENTS**(a) 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 92.4 cents per option. All options granted have expiry dates ranging from 31 January 2012 to 15 December 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.

Notes to the Financial Statements continued

30 JUNE 2011

25. SHARE-BASED PAYMENTS (cont'd)

Set out below are summaries of the options granted:

	Consolidated			
	2011	Weighted average exercise price cents	2010	Weighted average exercise price cents
	Number of options		Number of options	
Outstanding at the beginning of the year	12,500,000	23.6	13,250,000	24.2
Granted	2,500,000	92.4	4,500,000	26.0
Forfeited/cancelled	(1,000,000)	92.4	-	-
Exercised	(4,750,000)	23.7	(5,250,000)	18.5
Expired	-	-	-	-
Outstanding at year-end	9,250,000	34.7	12,500,000	23.6
Exercisable at year-end	4,750,000	42.9	8,000,000	22.2

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.14 years (2010: 2.26 years), and the exercise prices range from 14 cents to 92.4 cents.

The weighted average fair value of options granted during the year was 41.3 cents (2010: 42.4 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2011	2010
Weighted average exercise price (cents)	92.4	26.0
Weighted average life of the option (years)	3.05	3.58
Weighted average underlying share price (cents)	61.8	49.5
Expected share price volatility	121.10%	128.93%
Weighted average risk free interest rate	4.65%	4.5%

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.

(b) Shares issued to suppliers

During the 2011 financial year, 6,000,000 ordinary shares were issued at a deemed cost of \$3,420,000 (2010: 6,000,000 ordinary shares were issued at a deemed cost of \$1,350,000) as consideration pursuant to tenement acquisition agreements. This amount is included in 'Exploration expenditure' on the statement of comprehensive income of the Group. During the 2010 financial year 1,666,667 ordinary shares were issued at a deemed cost of \$150,000 as consideration for consulting services and were included as part of the 'Administration expenses' on the statement of comprehensive income of the Group.

(c) Expenses arising from share-based payment transactions

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

	Consolidated	
	2011	2010
	\$	\$
Options issued to employees and contractors	2,225,973	361,086
Shares issued to suppliers	3,420,000	1,500,000
	5,645,973	1,861,086

Notes to the Financial Statements continued

30 JUNE 2011

2011

2010

\$

\$

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Azumah Resources Limited, at 30 June 2011. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Current assets	28,608,856	14,122,296
Non-current assets	124,224	179,155
Total assets	28,733,080	14,301,451
Current liabilities	393,143	661,156
Total liabilities	393,143	661,156
Contributed equity	74,801,900	38,205,869
Reserves		
Fair Value	(1,352,629)	-
Options	3,861,459	1,635,486
Accumulated losses	(48,970,793)	(26,201,060)
Total equity	28,339,937	13,640,295
Loss for the year	(22,769,733)	(9,406,435)
Total comprehensive loss for the year	(24,122,362)	(9,406,435)

As detailed in note 18, there are contingent liabilities in respect to the three tenement acquisition agreements the parent entity has entered into with Crew Gold Corporation.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements comprising the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 19 to 44 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 2011 and of their performance for the financial year ended on that date;
- (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;
- (c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with Section 300A of the *Corporations Act 2001*; and
- (d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

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
Managing Director

Perth, 28 September 2011

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 consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 disclosing entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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 opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Azumah Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.


Report on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 12 of the directors' report for the year ended 30 June 2011. The directors of the company 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.

Opinion

In our opinion, the Remuneration Report of Azumah Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 28th day of September 2011

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 September 2011.

(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	254	180,670
1,001	- 5,000	1,230	3,840,210
5,001	- 10,000	850	7,221,013
10,001	- 100,000	1,302	40,914,524
100,001	and over	133	229,863,939
		3,769	282,020,356
The number of shareholders holding less than a marketable parcel of shares are:		314	250,629

(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	HSBC Custody Nominees Australia Ltd	45,862,828	16.26
2	J P Morgan Nominees Australia Ltd	34,758,166	12.32
3	Macquarie Bank Ltd	26,440,705	9.38
4	Citicorp Nominees Pty Ltd	20,448,650	7.25
5	JP Morgan Nominees Australia Ltd <Cash Income A/C>	10,677,466	3.79
6	HSBC Custody Nominees Australia Ltd	10,511,000	3.73
7	Stone, Stephen + Pearl J <West One S/F A/C>	7,633,633	2.71
8	National Nominees Ltd	5,332,900	1.89
9	Macquarie Bank Ltd	5,000,000	1.77
10	Yandal Investments Pty Ltd	4,000,000	1.42
11	Trailstar Ltd	3,803,125	1.35
12	Redstar Resources Ltd	3,718,750	1.32
13	Bluestar Resources Ltd	3,250,000	1.15
14	Sell Power Ltd <Sellpower S/F A/C>	2,782,017	0.99
15	Kingston Management Isle of Man <Harper Fam Account>	2,614,687	0.93
16	Yamashita, S + Christopher <Citius S/F A/C>	2,595,000	0.92
17	P R Perry Nominees Pty Ltd <Fam A/C>	2,240,500	0.79
18	UBS Nominees Pty Ltd	2,208,529	0.78
19	Yamashita, Siro	2,040,000	0.72
20	Escor Investments Pty Ltd	1,750,000	0.62
		197,667,956	70.09

(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
HSBC Custody Nominees Australia Ltd	45,862,828
J P Morgan Nominees Australia Ltd	34,758,166
Macquarie Bank Ltd	26,440,705
Citicorp Nominees Pty Ltd	20,448,650

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 29/2010	100
Hamlie, Ghana	PL 31/2010	100
Butele, Ghana	PL 28/2010	100
Zadong, Ghana	PL 27/2010	100
Vapor South, Ghana	PL 30/2010	100
Vapor West, Ghana	PL 32/2010	100
Julie, Ghana	PL 3/2011	100
Collette, Ghana	PL 4/2011	100
Josephine, Ghana	PL 2/2011	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.