



Azumah Resources Limited
ACN 112 320 251

Issued Capital:

93.15M ord shares: 13.25M unlisted options

Directors & Management:

Executive Chairman:
Stephen Stone

Non-Executive Directors:
Joe Ariti
Michael Ivey

General Manager:
Bernard Aylward

Company Secretary:
Dennis Wilkins

Investment Highlights:

- 754,300 JORC Code compliant Mineral Resource inventory at Wa-Lawra Gold Project
- 516,000oz and 212,000oz Indicated and Inferred Mineral Resources at Kunche and Bepkong
- 100%, 2,800km² licences hosting 110km of prospective Birimian greenstone belt
- Pipeline of drill targets
- Management team of successful explorers
- Market capitalisation per resource ounce well below industry benchmark

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DECEMBER 2008 QUARTERLY OPERATIONS REPORT

- ▶ Obtained excellent recoveries exceeding 95% from test work on samples of Bepkong oxide and primary (sulphide) mineralisation including recoveries by gravity separation of between 54% and 74%.
- ▶ Confirmed that Kunche-Bepkong mineralisation is non-refractory and that gold is recoverable using a conventional gravity and CIL processing facility.
- ▶ Identified new target areas and re-ranked existing targets following review of existing data sets.
- ▶ Identified new priority targets within Kunche-Bepkong camp area.
- ▶ Reviewed complementary project acquisitions.

During the December 2008 quarter, Azumah undertook a series of value adding, low cost activities at its Wa-Lawra Gold Project where it has delineated a **754,300 ounce** gold JORC Code compliant Mineral Resource.

This work included metallurgical test work on samples of oxide and primary (sulphide) mineralisation from the Bepkong discovery and the completion of test work on Kunche mineralisation. A review of historical and recently collected datasets covering all of the 100% owned, 2,800km² project area (Fig 1) has been undertaken in order to refine and better prioritise over 20 of the higher ranked targets.

The Company is monitoring financial markets, exchange rates and contractor costs ahead of the commencement of a planned but presently deferred 1,000m Reverse Circulation ('RC') drilling programme at the Bepkong discovery.

The turmoil in the exploration and mining industry is presenting more realistically priced project and corporate opportunities and management has been evaluating several of these.

Metallurgy

Excellent results have been received from metallurgical test work completed on samples of Kunche and Bepkong gold mineralisation.

The test work indicates that primary gold mineralisation at Kunche-Bepkong is non-refractory, is amenable to recovery using conventional gravity and CIL technology and overall that projected gold recoveries in excess of 90% can be expected.

Recoveries in excess of 95% are also indicated for Bepkong oxide and primary

mineralisation.

In particular, high levels of gravity recoverable gold of between 50% and 70% for Bepkong ore and between 25% and 40% for Kunche ore should have a favourable impact on operating costs.

Results in Table 1 comprise those relating to test work on a Kunche 'master' composite of primary (unoxidised) mineralisation (*previously reported to ASX on 26th August 2008*), and more recently completed work on a Kunche ROM ('run-of-mine') primary mineralisation sample, on a Bepkong 'master' composite of primary mineralisation and on Bepkong oxide material. No detailed test work has to-date been undertaken on any Kunche oxide material or transitional material from either resource.

The test work was undertaken in Perth by independent metallurgical laboratory AMDEL Ltd. The completed metallurgical programme was designed as a scoping study to identify the best treatment process for the Kunche-Bepkong gold mineralisation.

Table 1: Summary Metallurgical Test Work Results – Kunche and Bepkong Mineralisation

Metallurgical Sample	Grind Size 80% passing (µm)	Material Type	Head Grade		Gold Recovered		Gold Recovery		
			Feed g/t Au	CIL g/t Au	Gravity g/t Au	CIL g/t Au	Gravity %	CIL %	Total %
Kunche Master Composite*	106	Primary	1.14	0.85	0.29	0.69	25.4%	60.5%	86.0%
	75		0.89	0.54	0.35	0.42	39.3%	47.2%	86.5%
Kunche ROM	106	Primary	1.79	0.99	0.80	0.75	44.7%	41.9%	86.6%
	75		1.73	1.08	0.65	0.81	37.6%	46.8%	84.4%
Bepkong Master Composite	106	Primary	1.64	0.61	1.03	0.54	62.8%	32.9%	95.7%
	75		1.51	0.70	0.81	0.64	53.6%	42.4%	96.0%
Bepkong Oxide	106	Oxide	2.05	0.89	1.16	0.80	56.6%	39.0%	95.6%
	75		3.80	0.99	2.81	0.88	73.9%	23.2%	97.1%

Notes:

1. Kunche ROM sample prepared by compositing intervals from drill holes KRCD018 (discontinuous interval 192.6m to 229.5m) and KRCD136 (240m to 249m).
 2. Kunche Master Composite sample prepared from equal parts of Kunche ROM and Kunche marginal grade sample (compositing the interval 256.7m to 274.5m in drill hole KRCD136).
 3. Bepkong Master Composite sample is a primary (unoxidised) sample prepared by compositing intervals from drill holes BRCD046 (92m to 122m) and BRC065 (65m to 112m).
 4. Bepkong Oxide sample prepared by compositing the interval 8m to 21m in drill hole BRC066.
 5. Metallurgical test work completed at AMDEL Mineral Laboratories, Perth, Western Australia.
 6. Gravity separation conducted in a laboratory scale Knelson concentrator with the tail collected for CIL testing and the concentrate amalgamated with mercury and assayed.
 7. CIL tests conducted in Perth tap water for 48 hours at 40% solids (w/w), a carbon concentration of approximately 20g/l and an initial cyanide concentration of 500mg/l. The pH was maintained at 10 and dissolved oxygen levels ranged between 8 and 10mg/l.
- * Results previously reported ASX Release 26th August 2008

Geological Review

A desktop review of all historical and recently acquired data sets comprising the Wa-Lawra Gold Project has been undertaken in order to define new targets and to assist the refining and reprioritising of existing targets. This review has utilised new insights into the controls on the development of gold mineralisation gained from the Bepkong discovery and a continuing project and regional scale structural re-interpretation. It has identified some new targets of interest, reconfirmed the overall highly prospective nature of the Wa-Lawra Gold Project and reaffirmed several preferred drill ready targets.

Targets within the Kunche-Bepkong camp area have also been reviewed and reprioritised based on the resemblance of their geochemical and geophysical signatures and structural settings to those observed at the existing Kunche-Bepkong mineralised system.

In addition to the desktop review, data has been obtained from a recently completed, wide-spaced (2km) regional gravity survey covering a majority of the project area. This survey was designed to assist in the understanding of the dominant structural controls in the region and the identification of key components in the development of mineralised zones. The data is being processed and interpreted.

Wa-Lawra Mineral Resource Estimate

Total combined, independently estimated, Indicated and Inferred Mineral Resource estimates for the Wa-Lawra Gold Project total 12.1Mt at 1.9g/t gold containing 754,300oz (Table 2).

Table 2: Wa-Lawra Gold Project: Statement of Combined Mineral Resource Estimates

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 ⁽¹⁾	4,900,000	2.0	318,000	3,600,000	1.7	198,000	8,500,000	1.9	516,000
Bepkong ⁽²⁾	1,040,000	2.5	82,000	1,930,000	2.1	130,000	2,970,000	2.2	212,000
Atikpi ⁽²⁾				350,000	1.4	15,500	350,000	1.4	15,500
Yagha ⁽²⁾				270,000	1.2	10,800	270,000	1.2	10,800
Total	5,900,000	2.1	400,000	6,100,000	1.8	354,300	12,090,000	1.9	754,300

1. Kunche Resource estimate quoted for blocks with a grade greater than 1.0g/t gold. Differences may occur due to rounding errors. Refer ASX release September 2006 and details on Azumah website. Estimation completed by Resource Evaluations Pty Ltd in September 2006
2. Bepkong, Atikpi and Yagha Resources estimates are quoted for blocks with a grade of greater than 0.8 g/t gold. Differences may occur due to rounding errors. Estimation completed by CSA Global Pty Ltd in August 2008, refer ASX release 4th September 2008.

Corporate

The present challenging operating environment necessitates that Azumah maintains a prudent approach to all expenditure. It has moved quickly to minimise all outgoings as much as possible whilst continuing to maintain a reasonable level of field and office based activity to ensure that value continues to be added to the Wa-Lawra Gold Project.

An increasing number of interesting and more realistically priced project and corporate opportunities are also a feature of this environment. Management is evaluating several of these.

At the end of December the Company had working capital of \$2.0M.

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Full details of all drilling programmes, results and Mineral Resource estimates can be found in the Company's regular announcements to the ASX. All of these announcements are available on the Company's website at www.azumahresources.com.au

Competent Persons and Forward Looking Statements:

The information in this report that relates to in-situ Mineral Resource estimates 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, 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.

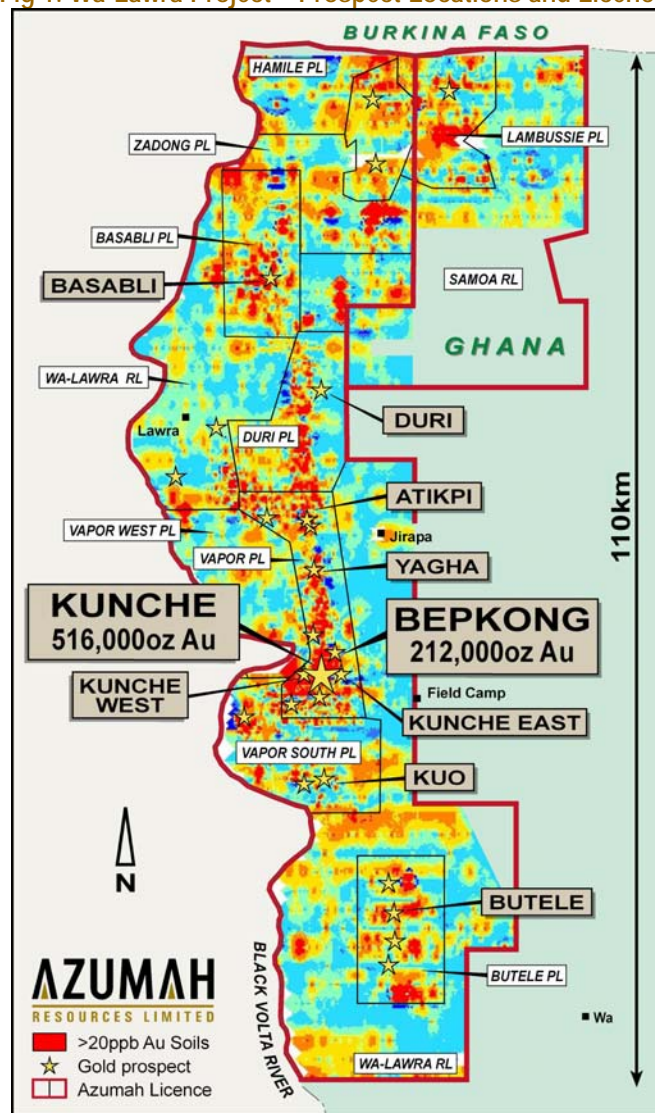
The information in this report that relates to Exploration Results is based on information compiled by Mr Bernard Aylward. Mr Aylward is the General Manager of Azumah Resources Limited. Mr Aylward is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is 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 Aylward 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 Metallurgical Results is based on information compiled by Mr G V Ariti. Mr Ariti is a metallurgist and Non-Executive Director of Azumah Resources Limited. Mr Ariti 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 Ariti consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 Kunche resource estimation of September 2006 and the Bepkong, Atikpi and Yagha resource estimation of September 2008 can be found at www.azumahresources.com.au

Fig 1: Wa-Lawra Project – Prospect Locations and Licences



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Azumah Resources Limited

ACN

112 320 251

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(222)	(1,319)
(b) development	-	-
(c) production	-	-
(d) administration	(84)	(303)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	60
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(285)	(1,562)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(285)	(1,562)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(285)	(1,562)
Cash flows related to financing activities			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	-	1,944
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	1,944
	Net increase (decrease) in cash held	(285)	382
1.20	Cash at beginning of quarter/year to date	2,272	1,603
1.21	Exchange rate adjustments to item 1.20	3	5
1.22	Cash at end of quarter	1,990	1,990

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	40
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	303	238
5.2 Deposits at call	1,687	2,034
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,990	2,272

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

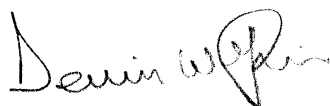
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	93,150,000	93,150,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,000,000 2,500,000 2,500,000 1,750,000 1,750,000 1,750,000	- - - - - -	Exercise price 14 cents 14 cents 14 cents 23 cents 30 cents 40 cents	Expiry date 30 April 2010 30 April 2011 30 April 2013 31 January 2010 31 January 2011 31 January 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired / cancelled during quarter	3,000,000	-	20 cents	6 December 2008
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Director/Company secretary)

Date: 21 January 2009

Print name:

Dennis Wilkins

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.