

AZUMAH RESOURCES LIMITED

ABN 72 112 320 251

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2007

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2007 and any public announcements made by Azumah Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2007

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AZUMAH RESOURCES LIMITED

31 DECEMBER 2007

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity consisting of Azumah Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

DIRECTORS

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

Mr Stephen Stone

Mr Michael Ivey

Mr Joe Ariti (appointed 13 September 2007)

Mr Stephen Ross (resigned 31 January 2008)

REVIEW AND RESULTS OF OPERATIONS

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

	2007	
	Revenues	Results
	\$	\$
Australia	140,733	(1,806,837)
Ghana	5,293	(1,338,341)
Consolidation eliminations	-	1,488,053
Consolidated entity revenues and loss	146,026	(1,657,125)

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

The Company currently has a total license holding of 2,857km². Within the project area a JORC compliant resource of 8.5 million tonnes @ 1.9 g/t gold for 516,000 ounces gold has been reported for the Kunche zone. The resource remains open to the north and at depth.

Azumah will continue to conduct mineral exploration and project development activity at the Wa-Lawra Project with the object of finding additional gold mineralisation to justify a mining operation.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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

Stephen Stone

Director

Perth, 14 March 2008

14 March 2008

The Directors
Azumah Resources Limited
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 half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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



C. Burton
Director

BDO Kendalls Audit and Assurance (WA) Pty Ltd
Perth, Western Australia

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AZUMAH RESOURCES LIMITED**31 DECEMBER 2007****CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Half-year	
	2007	2006
	\$	\$
REVENUE FROM CONTINUING OPERATIONS	146,026	77,369
EXPENDITURE		
Depreciation expense	(18,321)	(24,416)
Salaries and employee benefits expense	(93,842)	(170,840)
Exploration expenditure	(1,183,270)	(413,207)
Travelling expenses	(44,605)	(10,624)
Legal expenses	(1,415)	(77,859)
Doubtful debts expense	(150,188)	-
Administration expenses	(169,134)	(172,769)
Share-based payments expense	(141,570)	(52,989)
Other expenses	(806)	(3,832)
LOSS BEFORE INCOME TAX	(1,657,125)	(849,167)
Income tax benefit / (expense)	-	-
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF AZUMAH RESOURCES LIMITED	(1,657,125)	(849,167)
Basic and diluted loss per share (cents)	(2.0)	(1.4)

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

AZUMAH RESOURCES LIMITED**31 DECEMBER 2007****CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007**

	31 December 2007 \$	30 June 2007 \$
CURRENT ASSETS		
Cash and cash equivalents	3,591,900	5,309,961
Trade and other receivables	104,580	104,863
TOTAL CURRENT ASSETS	3,696,480	5,414,824
NON-CURRENT ASSETS		
Plant and equipment	126,415	133,866
TOTAL NON-CURRENT ASSETS	126,415	133,866
TOTAL ASSETS	3,822,895	5,548,690
CURRENT LIABILITIES		
Trade and other payables	378,402	573,175
TOTAL CURRENT LIABILITIES	378,402	573,175
TOTAL LIABILITIES	378,402	573,175
NET ASSETS	3,444,493	4,975,515
EQUITY		
Contributed equity	14,239,147	14,246,450
Reserves	1,007,393	873,987
Accumulated losses	(11,802,047)	(10,144,922)
TOTAL EQUITY	3,444,493	4,975,515

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

AZUMAH RESOURCES LIMITED**31 DECEMBER 2007****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Half-year	
	2007	2006
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR	4,975,515	3,343,498
Exchange differences on translation of foreign operations	(8,164)	(7,291)
NET INCOME RECOGNISED DIRECTLY IN EQUITY	(8,164)	(7,291)
LOSS FOR THE HALF-YEAR	(1,657,125)	(849,167)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF AZUMAH RESOURCES LIMITED	(1,665,289)	(856,458)
Transactions with equity holders in their capacity as equity holders:		
Transaction costs	(7,303)	-
Employee share options	141,570	52,989
	134,267	52,989
TOTAL EQUITY AT THE END OF THE HALF-YEAR	3,444,493	2,540,029

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

AZUMAH RESOURCES LIMITED

31 DECEMBER 2007

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Half-year	
	2007	2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(1,378,653)	(507,369)
Payments to suppliers and employees	(337,377)	(443,911)
Interest received	132,536	77,369
Net cash outflow from operating activities	(1,583,494)	(873,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(14,997)	(10,793)
Net cash outflow from investing activities	(14,997)	(10,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue transaction costs	(118,874)	-
Net cash inflow from financing activities	(118,874)	-
Net increase/(decrease) in cash and cash equivalents	(1,717,365)	(884,704)
Cash and cash equivalents at the beginning of the half-year	5,309,961	3,090,690
Effects of exchange rate changes on cash and cash equivalents	(696)	(6,660)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	3,591,900	2,199,326

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

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AZUMAH RESOURCES LIMITED**31 DECEMBER 2007****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Azumah Resources Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2: SEGMENT INFORMATION**Primary reporting format – geographic segments**

	Australia	Ghana	Total
	\$	\$	\$
Half-year 2007			
Total segment revenue	<u>140,733</u>	<u>5,293</u>	<u>146,026</u>
Intersegment elimination			-
Consolidated revenue			<u><u>146,026</u></u>
Segment result	<u>(1,806,837)</u>	<u>(1,338,341)</u>	<u>(3,145,178)</u>
Intersegment elimination			<u>1,488,053</u>
Loss before income tax			<u><u>(1,657,125)</u></u>
Half-year 2006			
Total segment revenue	<u>77,369</u>	-	<u>77,369</u>
Intersegment elimination			-
Consolidated revenue			<u><u>77,369</u></u>
Segment result	<u>(945,724)</u>	<u>(440,028)</u>	<u>(1,385,752)</u>
Intersegment elimination			<u>536,585</u>
Loss before income tax			<u><u>(849,167)</u></u>

AZUMAH RESOURCES LIMITED**31 DECEMBER 2007****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE**

	Number of options	
	2007	2006
Movements of options during the half-year		
Options cancelled, exercisable at 20 cents, on or before 31 Jan 2008	-	(500,000)
Options issued, exercisable at 23 cents, on or before 31 Jan 2010	500,000	-
Options issued, exercisable at 30 cents, on or before 31 Jan 2011	500,000	-
Options issued, exercisable at 40 cents, on or before 31 Jan 2012	500,000	-
	1,500,000	(500,000)

NOTE 4: RELATED PARTY TRANSACTION

As approved at the Annual General Meeting on 16 November 2007 the following options were issued to Joe Ariti:

Number of Options	Grant Date	Vesting Date	Expiry Date	Exercise Price	Value Per Option at Grant Date
500,000	16/11/2007	16/11/2007	31/01/2010	\$0.23	\$0.066
500,000	16/11/2007	16/11/2007	31/01/2011	\$0.30	\$0.070
500,000	16/11/2007	16/11/2007	31/01/2012	\$0.40	\$0.073

NOTE 5: CONTINGENCIES

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

NOTE 6: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2007, which has significantly affected, or may significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in subsequent financial years.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2007

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 10 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Azumah Resources Limited will be able to pay its debts as and when they become due and payable.

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

Stephen Stone

Director

Perth, 14 March 2008

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

We have reviewed the accompanying half-year financial report of Azumah Resources Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Azumah Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

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

C. Burton
Director

Perth, Western Australia
Dated this 14th day of March 2008

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