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AZUMAH RESOURCES LIMITED

ABN 72 112 320 251

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2008

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 2008 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 2008

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AZUMAH RESOURCES LIMITED

31 DECEMBER 2008

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 2008.

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

REVIEW AND RESULTS OF OPERATIONS

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

	2008	
	Revenues	Results
	\$	\$
Australia	70,035	(1,295,389)
Ghana	17,459	(61,094)
Consolidated entity revenues and loss	87,494	(1,356,483)

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 mineral resource of 12.1 million tonnes @ 1.9 g/t gold for 754,300 ounces gold has been reported.

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

In March 2009 the Group entered into a tenement acquisition agreement with Crew Gold Corporation. Subject to the satisfaction of certain conditions before 2 August 2009, Azumah will issue 6 million ordinary shares as purchase consideration for the tenements. The agreement also contains contingent consideration for a further 6 million ordinary shares and a 1% gross sale royalty on any gold produced from the tenements subject to technical performance hurdles.

AUDITOR'S INDEPENDENCE DECLARATION

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

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



Stephen Stone
Executive Chairman
Perth, 6 March 2009

6 March 2009

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 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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



Chris Burton
Director



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

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AZUMAH RESOURCES LIMITED**31 DECEMBER 2008****CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-year	
	2008	2007
	\$	\$
REVENUE	87,494	146,026
EXPENDITURE		
Depreciation expense	(23,982)	(18,321)
Salaries and employee benefits expense	(96,638)	(93,842)
Exploration expenditure	(1,029,064)	(1,183,270)
Travelling expenses	(5,280)	(44,605)
Legal expenses	(9,727)	(1,415)
Doubtful debts expense	(60,134)	(150,188)
Administration expenses	(218,000)	(169,134)
Share-based payments expense	-	(141,570)
Other expenses	(1,152)	(806)
LOSS BEFORE INCOME TAX	(1,356,483)	(1,657,125)
Income tax benefit / (expense)	-	-
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF AZUMAH RESOURCES LIMITED	(1,356,483)	(1,657,125)
Basic and diluted loss per share (cents)	(1.5)	(2.0)

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

AZUMAH RESOURCES LIMITED**31 DECEMBER 2008****CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		1,989,200	1,603,453
Trade and other receivables		25,385	77,719
TOTAL CURRENT ASSETS		2,014,585	1,681,172
NON-CURRENT ASSETS			
Plant and equipment		134,513	123,667
TOTAL NON-CURRENT ASSETS		134,513	123,667
TOTAL ASSETS		2,149,098	1,804,839
CURRENT LIABILITIES			
Trade and other payables		283,023	636,181
TOTAL CURRENT LIABILITIES		283,023	636,181
TOTAL LIABILITIES		283,023	636,181
NET ASSETS		1,866,075	1,168,658
EQUITY			
Issued capital	3	16,183,147	14,239,147
Reserves		1,388,877	1,278,977
Accumulated losses		(15,705,949)	(14,349,466)
TOTAL EQUITY		1,866,075	1,168,658

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

AZUMAH RESOURCES LIMITED**31 DECEMBER 2008****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-year	
	2008	2007
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR	1,168,658	4,975,515
Exchange differences on translation of foreign operations	109,900	(8,164)
NET INCOME RECOGNISED DIRECTLY IN EQUITY	109,900	(8,164)
LOSS FOR THE HALF-YEAR	(1,356,483)	(1,657,125)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF AZUMAH RESOURCES LIMITED	(1,246,583)	(1,665,289)
Transactions with equity holders in their capacity as equity holders:		
Shares issued during the half-year	1,944,000	-
Transaction costs	-	(7,303)
Employee share options	-	141,570
	1,944,000	134,267
TOTAL EQUITY AT THE END OF THE HALF-YEAR	1,866,075	3,444,493

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

AZUMAH RESOURCES LIMITED

31 DECEMBER 2008

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-year	
	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(1,323,721)	(1,378,653)
Payments to suppliers and employees	(298,697)	(337,377)
Interest received	59,779	132,536
Net cash outflow from operating activities	(1,562,639)	(1,583,494)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	-	(14,997)
Net cash outflow from investing activities	-	(14,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,944,000	-
Share issue transaction costs	-	(118,874)
Net cash inflow/(outflow) from financing activities	1,944,000	(118,874)
Net increase/(decrease) in cash and cash equivalents	381,361	(1,717,365)
Cash and cash equivalents at the beginning of the half-year	1,603,453	5,309,961
Effects of exchange rate changes on cash and cash equivalents	4,386	(696)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,989,200	3,591,900

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

AZUMAH RESOURCES LIMITED

31 DECEMBER 2008

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 2008 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 2008 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*.

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

Going Concern

The Group incurred a loss of \$1,356,483 (2007: \$1,657,125) for the half-year ended 31 December 2008 and at that date the Group had net assets of \$1,866,075. The Group is continuing to undertake discretionary exploration activity on its tenements and will incur exploration expenditure subject to results. The Group has budgeted for anticipated capital raisings within the next 12 months. The directors consider that financial support from shareholders and other investors is likely to be forthcoming should further equity be required. As a result of this the financial statements have been prepared on the going concern basis as the directors consider that the Group will be able to pay its debts as and when they become due and payable.

NOTE 2: SEGMENT INFORMATION

Primary reporting format – geographic segments

	Australia	Ghana	Total
	\$	\$	\$
Half-year 2008			
Total segment revenue	70,035	17,459	87,494
Intersegment elimination			-
Consolidated revenue			87,494
Segment result	(269,513)	(1,086,970)	(1,356,483)
Intersegment elimination			-
Loss before income tax			(1,356,483)
Half-year 2007			
Total segment revenue	140,733	5,293	146,026
Intersegment elimination			-
Consolidated revenue			146,026
Segment result	(319,285)	(1,337,840)	(1,657,125)
Intersegment elimination			-
Loss before income tax			(1,657,125)

AZUMAH RESOURCES LIMITED

31 DECEMBER 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE

	2008 Shares	2008 \$	2007 Shares	2007 \$
Issues of ordinary shares during the half-year				
Issued for cash	12,150,000	1,944,000	-	-
			Number of options	
			2008	2007
Movements of options during the half-year				
Options expired on 6 December 2008, exercisable at 20 cents			(3,000,000)	-
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
			(3,000,000)	1,500,000

NOTE 4: CONTINGENCIES

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

NOTE 5: SUBSEQUENT EVENTS

In March 2009 the Group entered into a tenement acquisition agreement with Crew Gold Corporation. Subject to the satisfaction of certain conditions before 2 August 2009, Azumah will issue 6 million ordinary shares as purchase consideration for the tenements. The agreement also contains contingent consideration for a further 6 million ordinary shares and a 1% gross sale royalty on any gold produced from the tenements subject to technical performance hurdles.

No other matter or circumstance has arisen since 31 December 2008, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

AZUMAH RESOURCES LIMITED

31 DECEMBER 2008

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 Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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
Executive Chairman
Perth, 6 March 2009

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Azumah Resources Limited

ABN 79 112 284 787

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Azumah Resources Limited, which comprises the balance sheet as at 31 December 2008, 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 consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal 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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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.

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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 2008 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.

Going concern assumption appropriate but an uncertainty exists that is material

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Group incurred a net loss of \$1,356,483.20 during the period ended 31 December 2008 (December 2007: \$1,657,125). This condition, along with the matter set forth in Note 1, indicate the existence of a significant uncertainty which may, should the event not occur, have a material effect on the financial statements and may cast significant doubt about the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

**Chris Burton**

Director

Perth, Western Australia

Dated the 6th day of March 2009