

ASX Code – AZM

Thursday 29th October 2009



www.azumahresources.com.au

Investment Highlights:

- 754,300oz gold JORC Code-compliant Mineral Resource at Wa Gold Project, NW Ghana
- 100% of 3,100km² licences hosting over 150km of prospective Birimian greenstone belt
- \$5.3M cash to fund aggressive exploration and development programme
- Pipeline of drill-ready targets
- Board and Management team of successful explorers, mining, finance and corporate professionals

Issued Capital:

154.10M ord. shares
13.25M unlisted options

Directors & Management:

Chairman:
Michael Atkins
Managing Director:
Stephen Stone
Non-Executive Director:
Geoff M Jones
General Manager:
Bernard Aylward
Company Secretary:
Dennis Wilkins

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SEPTEMBER 2009 QUARTERLY OPERATIONS REPORT

Highlights

Wa Gold Project, North West Ghana

- ▶ **Completed** preliminary open pit optimisation and mining studies that indicated a cash operating surplus of approximately A\$138 million (US\$112 million) is achievable from initial mining of the Kunche and Bepkong deposits.
- ▶ **Commenced** preliminary mining and development studies for a one million tonnes per annum mining and gravity / CIL processing operation.
- ▶ **Obtained** excellent gold recoveries of up to 95.6% from metallurgical test work on Kunche oxide mineralisation.
- ▶ **Committed** to a major multi-rig 41,000m resource extension, delineation and discovery drilling campaign.

Corporate

- ▶ Appointed Michael Atkins as Non-Executive Chairman and Geoff Jones as Non-Executive Director.
- ▶ Managing Director, Stephen Stone, and General Manager, Bernard Aylward, to continue in current roles.
- ▶ Cash balance of \$5.52M at end September 2009.

Azumah Resources Ltd (ASX: AZM) is pleased to provide this Report on operations undertaken during the September 2009 Quarter at its 100%-owned, 3,100 km², Wa Gold Project (Figure 1).

The Company is focused on developing and operating the first commercial scale gold mining operation in the emerging north west Ghana gold province (Figure 2). During the Quarter, Azumah completed preliminary open-pit optimisation studies, commenced preliminary mining and development studies including the initiation of an environmental impact study and continued metallurgical test work on samples of Kunche oxide mineralisation.

Preliminary Mining Studies

Preliminary open pit optimisation and mine design studies based on the Kunche and Bepkong deposits (*ASX announcement 21st August 2009*) indicate that an operating surplus of approximately A\$138 million (US\$112 million) could be generated from a 1.0 million tonne per annum gold mining and gravity / Carbon-In-Leach (CIL) processing operation. A gold revenue price of US\$900/oz was used for the study. (*The operating surplus is undiscounted and includes Ghana royalties but excludes project development capital, financing costs and tax outflows*).

The conceptual operation, using conventional excavator and truck mining techniques, would mine a combined **4.5 million tonne Indicated and Inferred Mineral Resource averaging 2.24g/t gold and containing 323,000oz gold** from within the total Kunche-Bepkong **Indicated and Inferred Mineral Resource of 12.1 million tonnes at 1.9g/t gold containing 754,300oz** (*Table 2*).

Total cash operating costs are estimated to be A\$593/oz (US\$483/oz) of gold recovered, reflecting the advantages of the close proximity of the Kunche and Bepkong Resources to one another and the ability to access higher-grade, low strip ratio, near-surface oxide mineralisation at an early stage of operations.

Based on these very encouraging results, Azumah has immediately commenced preliminary mining and development studies including the initiation of an environmental impact study, a key critical path item in the eventual granting of a Mining Lease.

Metallurgical Test Work

Recoveries of up to 95.6% gold were returned from independently conducted metallurgical test work recently completed on diamond drill core sourced representative samples of Kunche oxide gold mineralisation collected from within the optimised Kunche pit perimeter earlier this year. The test work also indicated that gravity processing would recover between 23% and 28% of the Kunche oxide gold mineralisation (*Table 1*).

These results are consistent with previous testing on Kunche and Bepkong mineralisation that highlighted its **non-refractory nature** and confirmed its suitability to 'conventional' CIL and gravity processing.

In the December Quarter, Azumah will expand its programme of metallurgical test work and development, as a key component of its preliminary mining studies.

Exploration Drilling Campaign

Azumah has committed to a major, multi-rig 41,000m resource extension and delineation programme comprising 1,000m diamond, 19,000m RC and 21,000m aircore drilling. The key objective of the drilling campaign is to increase resources to the critical mass required to underpin a project development decision.

The programme will commence in the Kunche-Bepkong area where four priority exploration targets (Figure 3) will be tested prior to the commencement of resource delineation drilling at the Collette and Julie prospects. The Company is confident of making new discoveries and increasing the defined mineral resource base within the Wa Gold Project.

Corporate

Subsequent to the end of the September Quarter, Azumah announced the appointment of prominent corporate finance and advisory specialist, **Mr Michael Atkins**, as its Non-Executive Chairman and leading project management and engineering consultant, **Mr Geoff M Jones**, as a Non-Executive Director (*ASX announcement 20th October 2009*).

Managing Director, Stephen Stone, and General Manager, Bernard Aylward, continue in their current roles. Mr Michael Ivey and Mr Joe Ariti stepped down from the Board.

At the end of the Quarter Azumah had cash on hand of \$5.52M and 154,098,020 fully paid shares on issue.

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stone@azumahresources.com.au

Competent Persons and Forward Looking Statements:

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 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 Bekpong, 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 presentation that relates to Mineral Resources at the Kunche Project is based on a resource estimate that has been audited by Mr Paul Payne, who is the Principal and full time employee of Resource Evaluations Pty Ltd. Mr Payne 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 Payne consents to the inclusion in the presentation of the matters based on 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.

Full details of all drilling programmes, results and optimisation parameters referred to in the text can be found in the Company's regular announcements to the ASX and all of these announcements are available on the Company's website.

www.azumahresources.com.au

Figure 1: Wa Gold Project

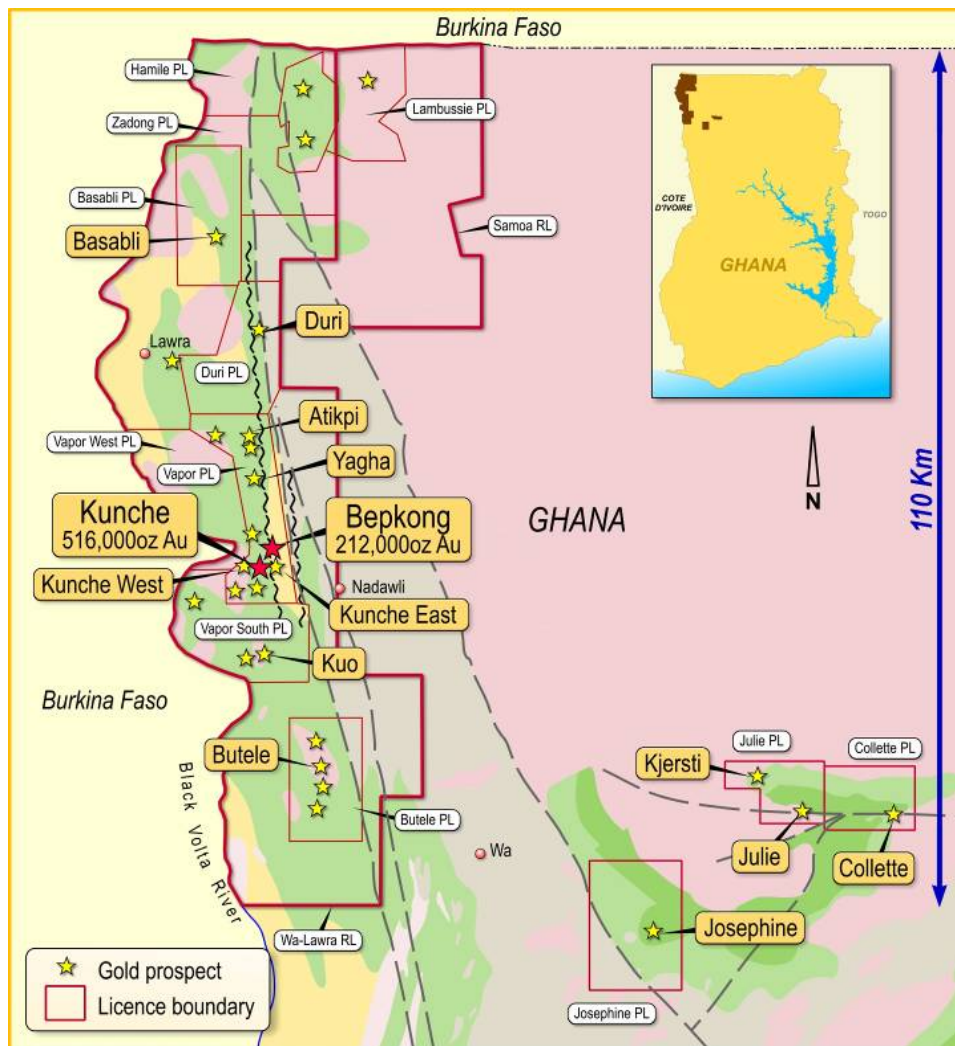


Figure 2: Ghana's Emerging North-West Gold Province

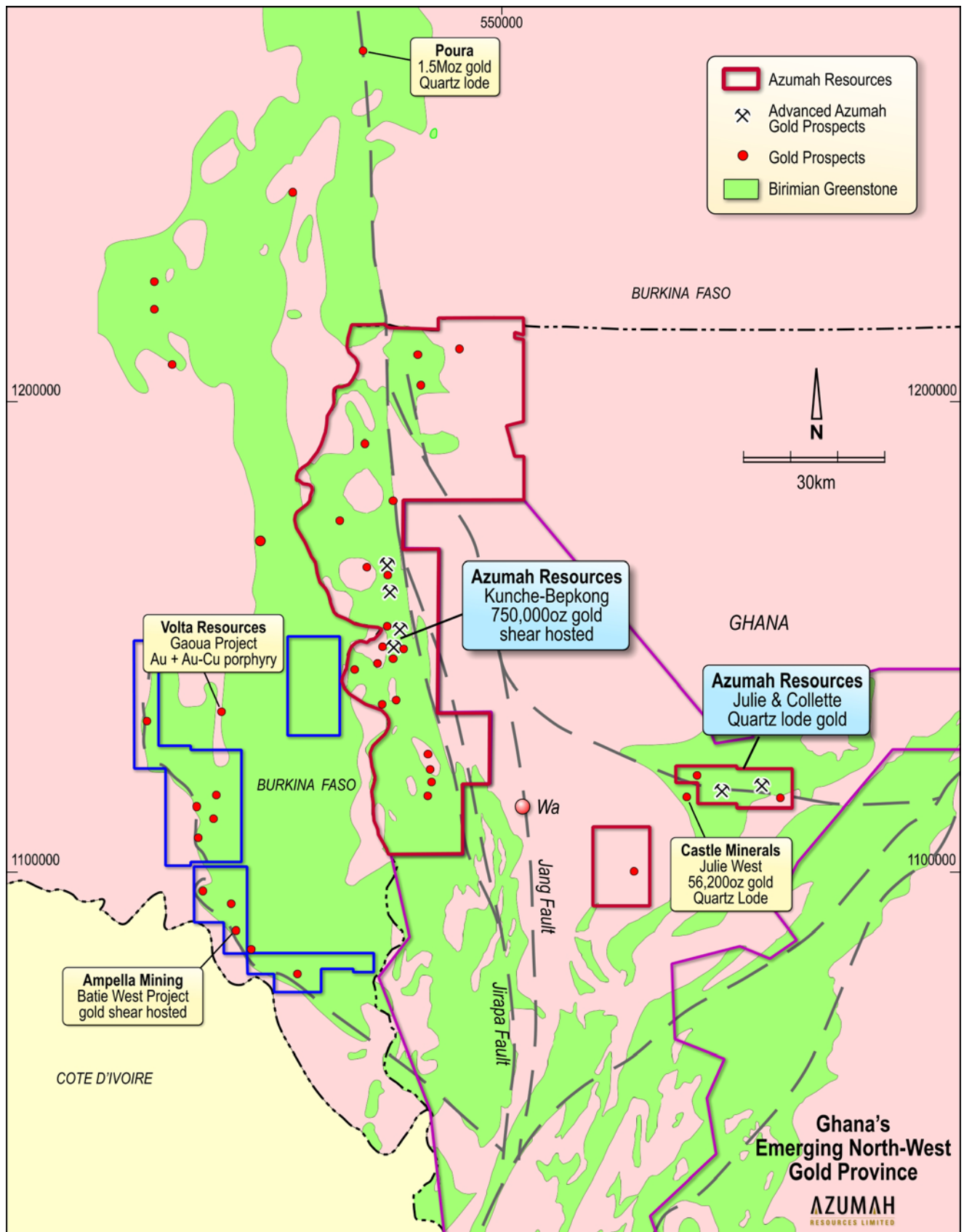


Fig 3: Kunche-Bepkong District – Priority Exploration Targets

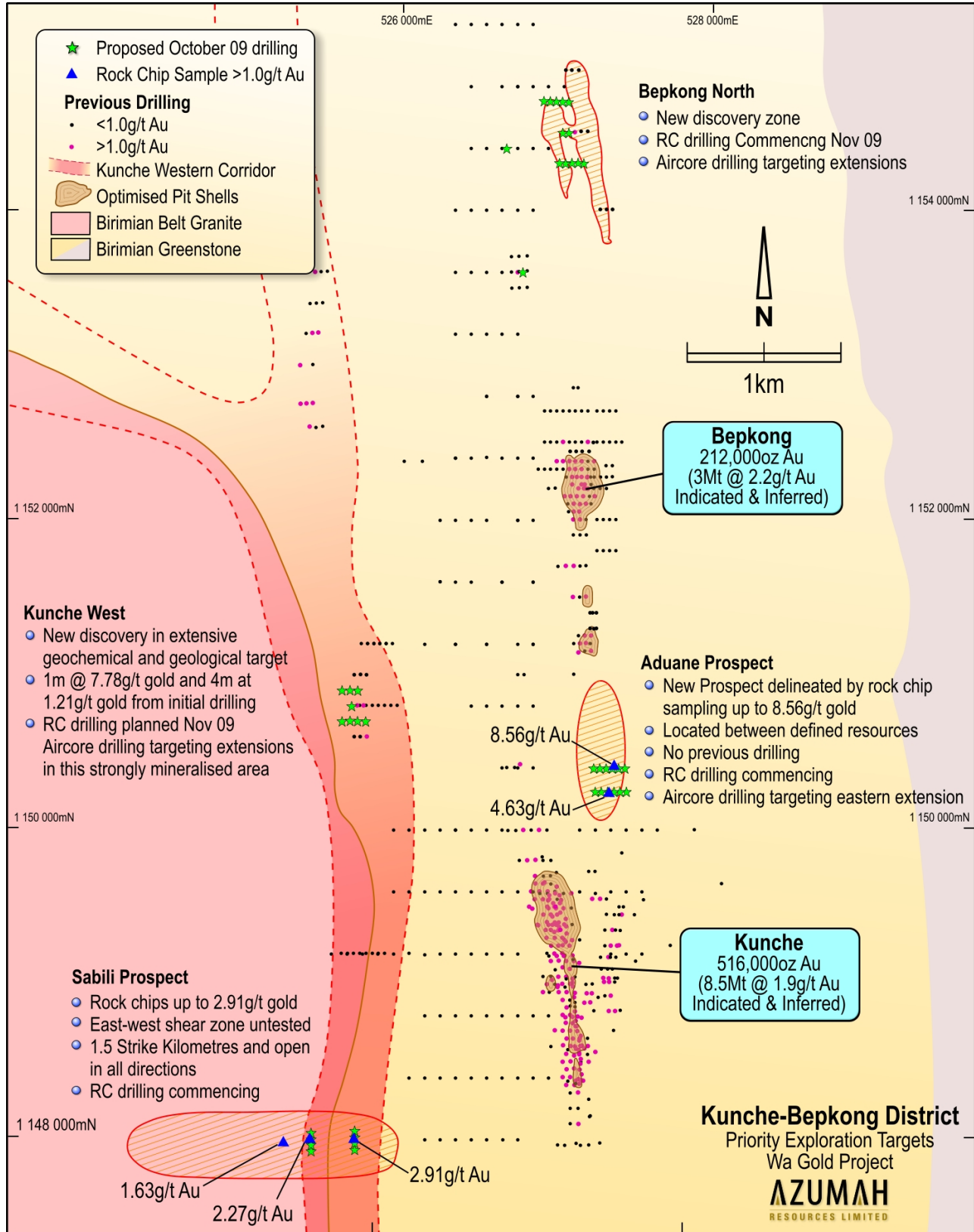


Table 1: Summary Metallurgical Results for Kunche Oxide Mineralisation

Metallurgical Sample	Head Grade		Gold Recovery		
	Feed g/t Au	Final Tail g/t Au	Gravity %	CIL %	Total %
Kunche Oxide Composite 1	2.24	0.10	28.4%	67.1%	95.5%
Kunche Oxide Composite 2	2.60	0.11	26.3%	69.3%	95.6%
Kunche Oxide Composite 3	2.98	0.17	23.9%	70.4%	94.3%
Kunche Oxide Composite 4	3.99	0.26	23.0%	70.4%	93.4%

Notes:

1. Kunche Oxide Composites composed of equally weighted RC samples from drillholes KRC163 (5m – 34m) with intervals selected to achieve a range of grades.
2. All samples prepared with a grind size of 80% passing 75µm
3. Metallurgical test work completed at AMDEL Mineral Laboratories, Perth, Western Australia.
4. Gravity separation conducted in a laboratory scale Knelson concentrator with the tail collected for CIL testing and the concentrate amalgamated with mercury and assayed.
5. CIL tests conducted in Perth tap water for 48 hours at 40% solids (w/w), a carbon concentration of approximately 15g/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.

Table 2: Wa 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 Mineral Resource estimation 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 Mineral Resource estimations 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.
3. Details of the Bepkong Mineral Resource estimation appear in ASX release dated 4th September 2008.
4. Details of the Atikpi and Yagha Mineral Resource estimation appear in ASX release dated 4th September 2008.

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

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")

30 September 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(308)	(308)
(b) development	-	-
(c) production	-	-
(d) administration	(371)	(371)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	16
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	(663)	(663)
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)	(663)	(663)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(663)	(663)
Cash flows related to financing activities			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	4,496	4,496
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) Share issue costs	(239)	(239)
Net financing cash flows		4,257	4,257
Net increase (decrease) in cash held		3,594	3,594
1.20	Cash at beginning of quarter/year to date	1,924	1,924
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,518	5,518

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	73
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.

1,666,667 ordinary shares were issued at a deemed price of \$150,000 as consideration for drilling services.

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.

+ 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	600
4.2 Development	-
Total	600

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	745	151
5.2 Deposits at call	4,773	1,773
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,518	1,924

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

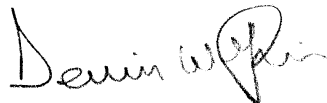
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	154,098,020	154,098,020		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	51,885,300	51,885,300		
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				
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: 29 October 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.