

ASX / Media Release

ASX Code – AZM

Friday 29th January 2010



www.azumahresources.com.au

Investment Highlights:

- 754,300oz gold JORC Code-compliant Mineral Resource at Wa Gold Project, NW Ghana
- Project development studies underway
- 100% of 3,100km² licences hosting over 150km of prospective Birimian greenstone belt
- Pipeline of priority drill-ready targets
- \$8.0M cash to fund aggressive exploration and development programmes
- Board and management team of successful explorers, developers, mining, finance and corporate professionals

Issued Capital:

175.30M 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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DECEMBER QUARTER 2009

OPERATIONS REPORT

WA GOLD PROJECT, NORTH WEST GHANA

- ▶ Commenced and completed approximately 50% of 41,000m combined Reverse Circulation (RC), diamond and aircore drilling programme ~ completion due end-March 2010;
- ▶ Obtained high-grade intersections confirming continuity of near-surface gold mineralisation at the Julie prospect ~ results to underpin maiden JORC Code-compliant resource estimation;
- ▶ Confirmed a new persistent, but poorly exposed, mineralised quartz reef to the south of known Julie mineralisation ~ rock chip samples grading up to 186g/t gold;
- ▶ Discovered a new zone of high-grade mineralisation at the Aduane prospect situated between the existing Kunche and Bepkong resources – 2km apart;
- ▶ Confirmed a new zone of high-grade mineralisation at the Sabili prospect;
- ▶ Advanced several components of a feasibility study based on a 1.0 million tonne per annum mining and gravity / CIL processing operation;
- ▶ Advanced various components of Wa Gold Project feasibility study; and
- ▶ Raised A\$4.24 million through an oversubscribed share placement.

“Moving rapidly towards achieving our goal of developing the first commercial-scale gold mining operation in the emerging north-west Ghana gold province”

Azumah Resources Ltd (ASX: AZM) is pleased to provide the following summary of operations undertaken during the December Quarter of 2009 at its 100%-owned, 3,100 km², **Wa Gold Project** in the emerging north west Ghana gold province.

The Company is focused on developing and operating the first commercial-scale gold mining operation in the region, where it has already outlined a 754,300oz JORC Compliant Indicated and Inferred Mineral Resource (Table 1).

Azumah is proposing to mine near-surface open-pitabile resources at the rate of approximately 1.0Mtpa and, given the favourable non-refractory nature of the mineralisation, to recover gold in a conventional gravity / CIL processing operation.

During the Quarter, the majority of expenditure was directed towards increasing JORC Code-compliant resources to underpin a development decision and, given the Company's confidence in achieving that goal, also towards advancing several components of its project feasibility study which it aims to complete by year-end.

Operations

Commenced a 41,000m drilling programme comprising 19,000 metres of RC drilling, 21,000 metres of aircore drilling and 1,000 metres of diamond drilling focusing on:

- ▶ **Extending** existing JORC Code-compliant mineral resources at the Kunche and Bepkong deposits ~ particularly focused on increasing optimised pit shell volumes to increase higher-margin gold captured;
- ▶ **Investigating** priority targets along the Kunche-Bepkong mineralised structural corridor and numerous high-priority ranked targets throughout the Company's tenure;
- ▶ **In-fill drilling** shallow, high-grade mineralisation outlined at the Julie and Collette prospects; and
- ▶ **Collecting** large diameter diamond drill core samples for geotechnical and metallurgical development studies.

As at the date of this Report, this **drilling is approximately 50% completed** with full completion expected by the end of the March Quarter 2010. This is the largest drilling campaign ever undertaken by Azumah and the largest known commitment by any junior explorer operating in the region.

Results from the early phases of the drilling have been very encouraging and **shareholders can expect a high level of results news flow to continue through to April 2010** when all results are expected to be available. Drilling and field work completed to date has:

- ▶ **Discovered** a new zone of high-grade mineralisation at the Aduane prospect situated between the existing Kunche and Bepkong resources – 2km apart. Intersections at Aduane included:
 - ▶ 14m at 2.46g/t gold from surface (ADRC005) (*incl. 3m at 6.13g/t gold from 11m*); and
 - ▶ 2m at 2.87g/t gold from 31m (ADRC013).
- ▶ **Confirmed** a new zone of high-grade mineralisation at the Sabili prospect, within a trend of untested gold anomalism extending for over 1.5km. Sabili lies on a north-south trending western structural corridor and these results confirm the prospectivity of this recently recognised anomalous zone. Best results included:
 - ▶ 2m at 18.70g/t gold from 8m (SARC003) (*incl. 1m at 34.20g/t gold from 8m*); and
 - ▶ 3m at 5.61g/t gold from 11m (SARC006).
- ▶ **Obtained** high-grade intersections confirming continuity of near-surface gold mineralisation at Julie prospect. Best results included*:
 - ▶ 15m at 6.46g/t gold from 1m (AJRC039) (*Incl. 3m at 23.10g/t gold from 1m*);
 - ▶ 16m at 4.18g/t gold from surface (AJRC065) (*Incl. 8m at 7.72g/t gold from 4m*);
 - ▶ 16m at 3.80g/t gold from 48m (AJRC070) (*Incl. 4m at 13.20g/t gold from 56m*); and
 - ▶ 4m at 9.74g/t gold from surface (AJRC061).

*Note intersections based on composite sampling to a maximum of 4m.

Azumah will now commission a **maiden resource estimation** for the Julie mineralisation which is expected to be completed in the March Quarter.

- ▶ **Collected** rock chip samples grading up to **186g/t gold** and confirmed a new persistent but poorly exposed, mineralised quartz reef to the south of the known Julie mineralisation.
- ▶ **Continued** several early stage components of mining and development studies for a 1.0 tonne per annum mining and gravity / CIL processing operation.

Corporate

Raised A\$4.24 million (before expenses) through an oversubscribed share placement of 21.2 million shares at 20 cents per share. Capital raising undertaken to fast-track exploration, resource delineation and project development.

Working Capital

At the end of the December Quarter 2009 Azumah had cash on hand of **\$8.5M** and **175.3M fully paid shares** on issue.

Next Quarter

During the March Quarter 2010 the Company is expecting to undertake and/or achieve the following:

- ▶ **Complete** a maiden resource estimation for Julie mineralisation;
- ▶ **Receive** final assays from drilling at the Collette prospect;
- ▶ **Receive** results from follow-up drilling at Kunche and Bepkong aimed at increasing recoverable mineralisation;
- ▶ **Complete** follow-up RC drilling at the Aduane and Sabili prospects;
- ▶ **Complete** extensive testing by aircore drilling of several new brown-fields targets;
- ▶ **Advance** the overall Wa Gold Project feasibility study with a focus on environmental baseline and social impact studies, pit optimisations and financial modeling updates, metallurgical test work, geotechnical studies, and preliminary plant and infrastructure assessments; and
- ▶ **Complete** the purchase of the Julie, Collette and Josephine licences through the issue of 6,000,000 new shares to Crew Gold Corporation.

Full details of the above and the original releases to ASX upon which they are based (inclusive of all associated figures and tables) are available from ASX at www.asx.com.au or from Azumah's website at www.azumahresources.com.au.

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Figure 1: Ghana's Emerging North West Gold Province

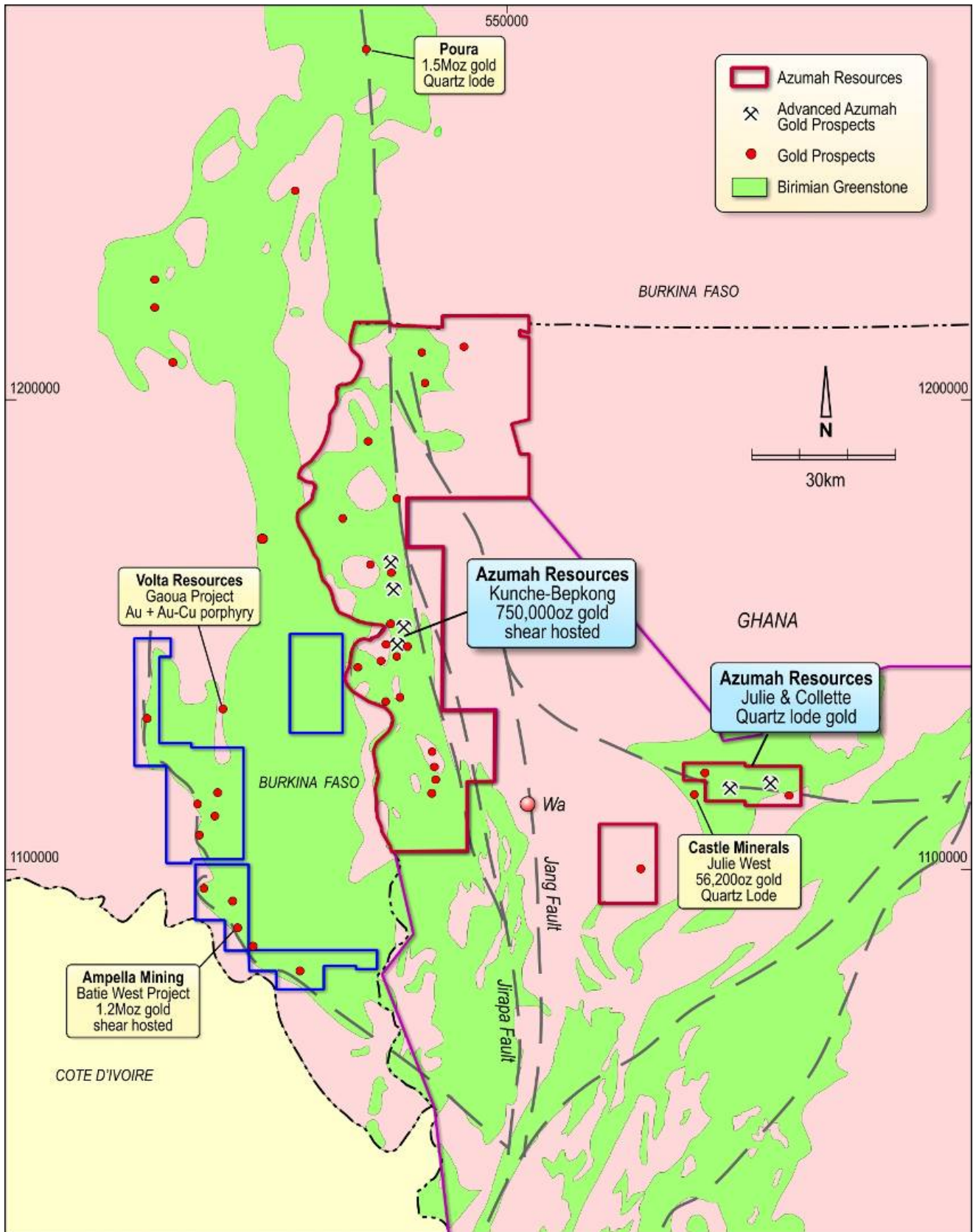


Figure 2: Priority Exploration Targets and Latest Results: Kunche - Bepkong District

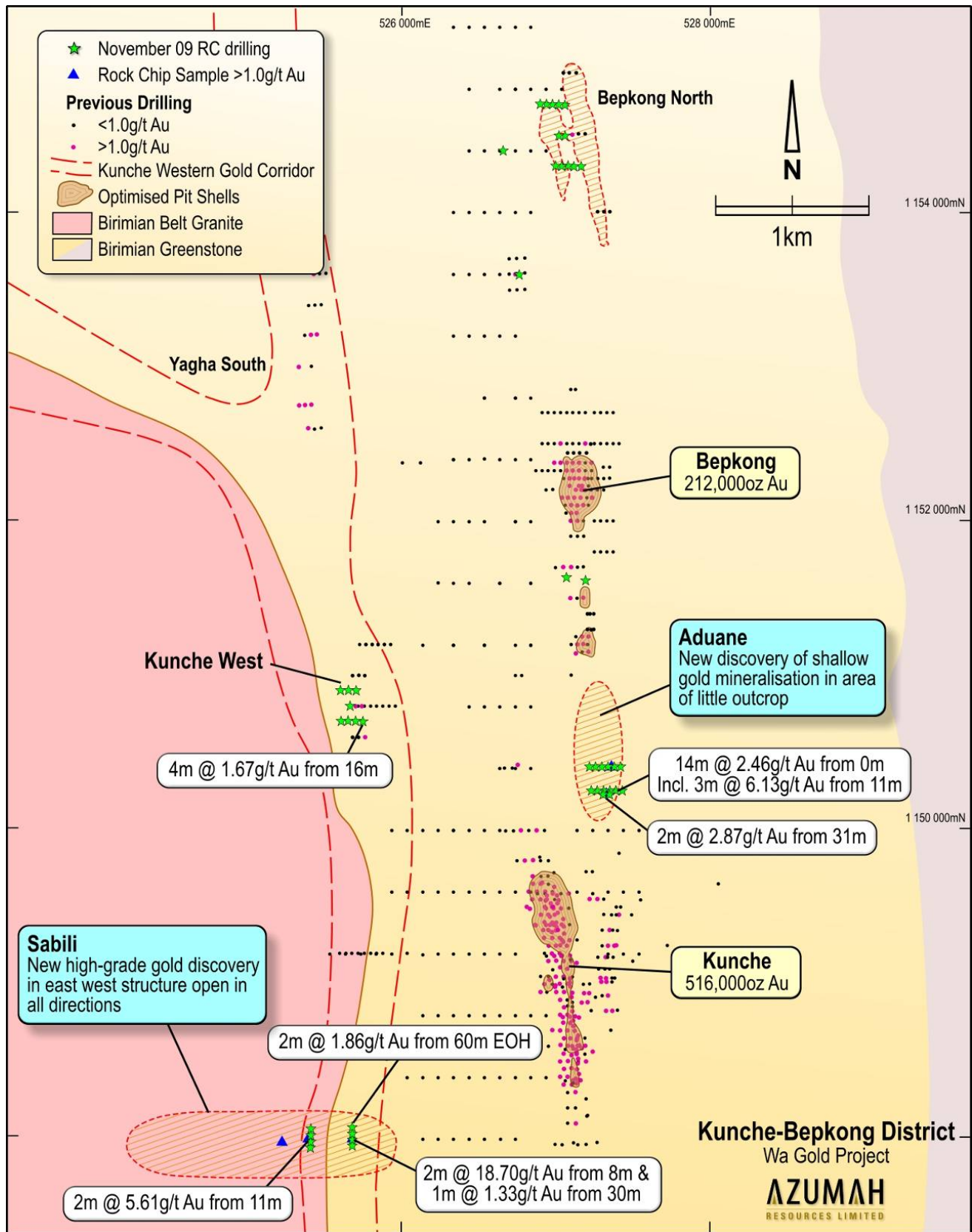


Table 1: Wa Gold Project - Statement of Combined Mineral Resource Estimates

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.

Competent Persons Statement

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 for Bepkong, 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, 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.

All notes pertaining to the Kunche Mineral Resource estimation of September 2006, the Bepkong Mineral Resource estimation of September 2008 and the Atikpi and Yagha Mineral 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")

31 December 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(721)	(1,029)
(b) development	-	-
(c) production	-	-
(d) administration	(336)	(707)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	41	57
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	(1,016)	(1,679)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(68)	(68)
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	(68)	(68)
1.13 Total operating and investing cash flows (carried forward)	(1,084)	(1,747)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,084)	(1,747)
Cash flows related to financing activities			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	4,240	8,736
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	(218)	(457)
	Net financing cash flows	4,022	8,279
	Net increase (decrease) in cash held	2,938	6,532
1.20	Cash at beginning of quarter/year to date	5,518	1,924
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	8,456	8,456

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	111
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	800
4.2 Development	-
Total	800

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	886	745
5.2 Deposits at call	7,570	4,773
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	8,456	5,518

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

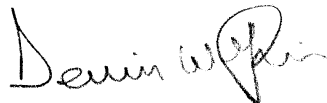
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	175,296,055	175,296,055		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	21,198,035	21,198,035		
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 January 2010

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.