

## DECEMBER 2007 QUARTERLY REPORT

**Exciting intersection (20m @ 4.1g/t gold from 52m) confirms gold mineralisation at Bepkong, 2km north of 516,000oz Kunche resource**

### WA-LAWRA GOLD PROJECT (NW GHANA, AZUMAH 100%)

- Reconnaissance drilling confirms gold at new Bepkong target (20m @ 4.1g/t from 52m – NB composite sample assays) at head of largely untested 2km north-south Kunche-Bepkong soil anomaly.
- Diamond and RC drilling at Kunche deposit:
  - IDENTIFIED new mineralisation immediately west of Kunche including 12m @ 4.02g/t gold from 36m within 32m @ 1.86g/t gold from 20m.
  - DISCOVERED high-grade mineralisation immediately east of Kunche including 6m @ 7.33g/t gold from 5m and 7m @ 3.95g/t gold from 10m within broader lower-grade zones.
  - INTERSECTED high-grade gold at Kunche East with a best mineralised intersection of 8m @ 9.35g/t gold from surface, including 2m @ 34.0g/t gold from 6m.
  - EXTENDED mineralisation 50m deeper at northern end of Kunche resource with intersections of 8m @ 2.41g/t gold from 240m.
- 11.5g/t and 8.2g/t gold obtained from rock chips of quartz veins in granites at new Butele anomaly.
- Focus now on follow-up drilling of these and several other targets in an increasing pipeline of robust geochemical anomalies like Bepkong and Butele.
- 3,000 soil auger sample programme underway and 6,000m combined RC and RAB drilling programme commencing February.

### CORPORATE

- Appointment of Stephen Stone as Executive Chairman and Bernard Aylward as General Manager considerably strengthen management and technical team.
- \$3.1M net cash at end of Dec 2007 Quarter. 81m fully paid shares on issue.

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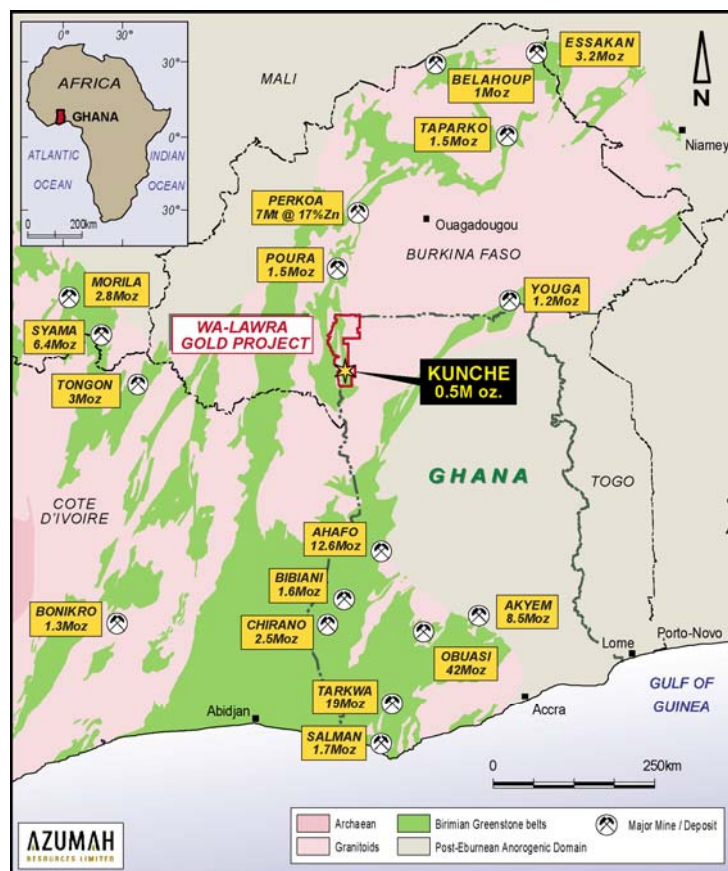
Azumah Resources Limited is exploring its 100% owned, 2,800km<sup>2</sup> Wa-Lawra Project in northwest Ghana where its primary objective is to delineate sufficient near-surface, open pitable gold resources to support a long-life, profitable mining operation.

A 516,000 ounce JORC resource delineated at Kunche, several other Kunche style targets at various stages of investigation, a pipeline of robust soil geochemical anomalies and over 100 kilometres of contiguously held, largely untested, highly prospective Birimian greenstone belt provide a very solid platform for this objective to be achieved.

## Wa-Lawra Gold Project, Ghana (Azumah 100%)

A 6,636m combined diamond and reverse circulation drilling programme tested for extensions to mineralisation at the Kunche deposit, investigated recently discovered mineralisation and anomalies at Kunche East, and tested a number of new anomalies identified by a continuing truck-mounted power-auger soil sampling programme.

Assays from all composite samples have been received but some assays from 1m split samples from original 4m composite samples for several holes are awaited.



Wa-Lawra - Within proven West African gold province

## Kunche – Mineralisation extended

Six holes were drilled into the existing 516,000 ounce Kunche resource (8.5 million tonnes grading 1.9g/t gold) to test for extensions to mineralisation:

- KRCD136, targeting the northern portion of the Kunche resource, intersected **8m grading 2.41g/t gold from 240m** and extends 50m down-dip a mineralised shoot, confirms geological interpretations and demonstrates a consistency to the orebody that will assist future drill targeting and resource delineation.
- KRCD137 drilled 150m to the south of KRCD137, intersected **12m grading 4.02g/t gold from 36m within a broader 32m grading 1.86g/t gold from 20m (4m composite assay samples)**. This confirms a down-dip extension and substantial widening of near-surface mineralisation immediately west of the main Kunche zone and previously identified in KRC38 and provides considerable encouragement that additional resource ounces will be delineated in this area.
- KRCD18 and KRCD81 extended mineralisation and confirmed the continuity of mineralised lithologies in northern parts of Kunche that previous drill holes had only partially tested. Both holes were intermittently mineralised from 182.7m to 252.2m and 120.0m to 234.1m respectively including **3.3m grading 2.99g/t gold from 215.15m** in KRCD18 and **2.9m grading 2.33g/t gold from 154m** in KRCD81.
- Two holes (KRCD138, 139) testing suggested extensions to shallow mineralisation to the southern extremities of Kunche returned low-levels of gold peaking at 2.7m grading 1.79 g/t gold from 189.3m in KRCD138.
- KRC135 drilled to the far north and outside of the defined Kunche mineralisation intersected only minor mineralisation.

Re-logging of all old Kunche diamond drill holes and petrological studies on core samples has provided valuable information on host lithologies and other geological constraints on mineralisation that will facilitate better drill hole targeting and resource definition.

The new drill results and metallurgical data from a planned second phase of metallurgical studies will be incorporated into a scoping study.

## Kunche East – New mineralisation delineated

Forty five holes for 4,535m were drilled to test the recently discovered 1,500m north-south trending Kunche East prospect, 300m east of Kunche.

Kunche East was initially defined by truck-mounted power-auger soil sampling returning spot values of 4.21 g/t, 1.28 g/t and 1.06g/t gold and surface rock chip sampling returning peak values of 5.77 g/t, 4.07 g/t, 3.23 g/t 2.91g/t and 2.12g/t gold.

Wide-spaced reconnaissance drilling in the September Quarter returned a number of near-surface intersections exceeding 1.0g/t over several metres including 3.0m grading 10.9g/t gold from 22m in KRC88.

This Quarter, and **highly encouraging for the eventual delineation of additional resources to complement mineralisation at Kunche**, was the intersection by several holes of three shallow, high-grade mineralised zones within broader areas of low to moderate level mineralisation:

<b>KRC096</b>	<b>8.0m grading 9.35g/t gold from surface</b>
<b>Incl:</b>	<b>2.0m grading 34.0g/t gold from 6m</b>
<b>KRC104</b>	<b>1.0m grading 15.3g/t gold from 29m</b>
<b>KRC121</b>	<b>6.0m grading 7.33g/t gold from 5m</b>
<b>KRC123</b>	<b>7.0m grading 3.95g/t gold from 10m</b>
	(all assays from 1m sample re-splits)

In particular, high-grade near-surface mineralisation intersected by KRC121 successfully followed-up the interpreted continuation of mineralisation intersected last Quarter by KRC88. Along with mineralisation intersected in KRC123, a **new zone of mineralisation sub-parallel to and only 50m east of Kunche has been confirmed. This is very likely to provide additional resource ounces when more intensively drilled.**

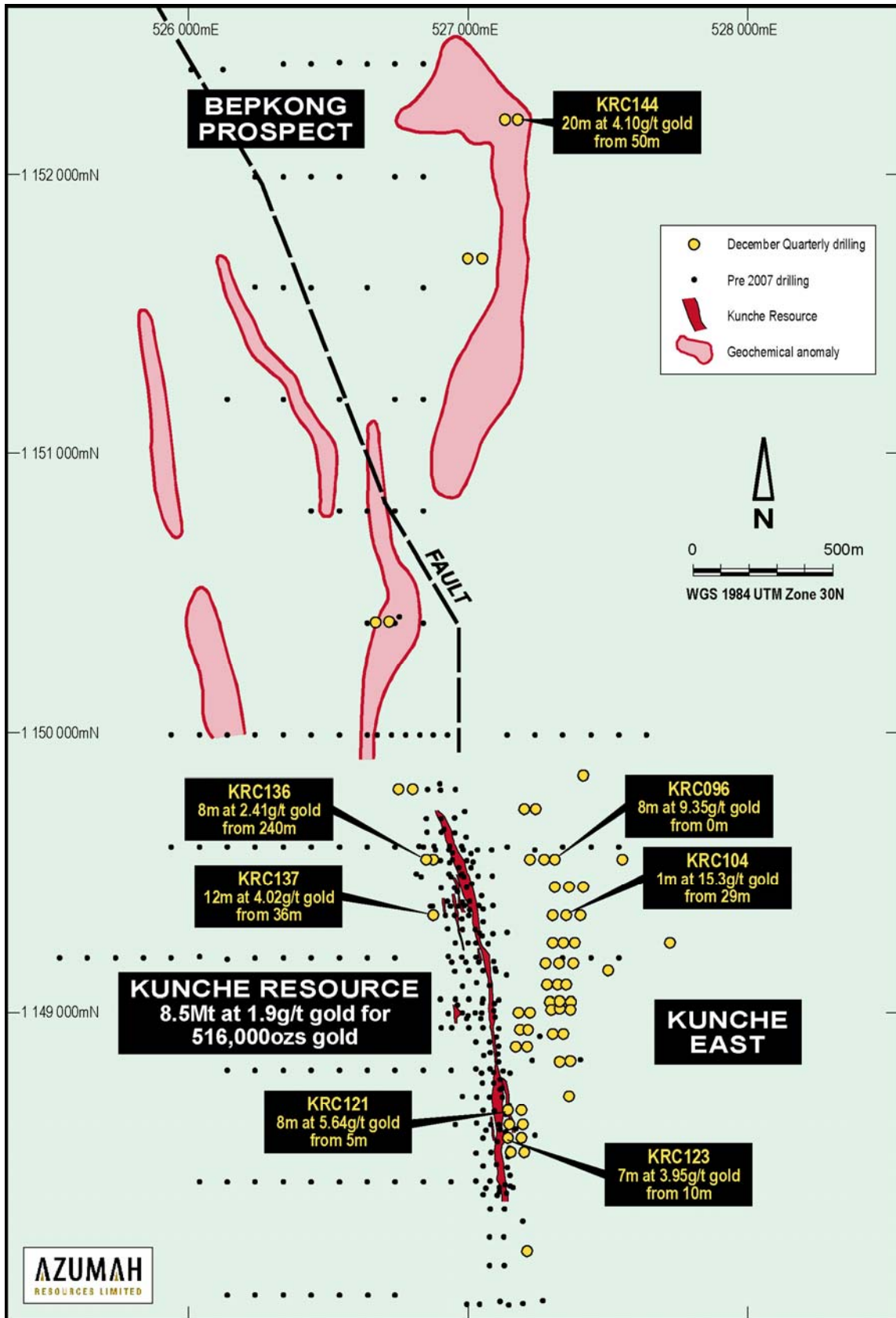
**Overall the recent new discoveries of mineralisation at Kunche East and immediately to the west of Kunche indicate that there is much more mineralisation and a good likelihood of resource ounces to be discovered in the immediate vicinity of Kunche.**

### **Bepkong – New prospect defined by high-grade intersection**

Of six, 50m spaced RC holes testing three separate new soil anomalies in the **Bepkong** area, KRC144 returned an exciting **20.0m grading 4.1g/t gold from 52.0m within an intersection of 36.0m grading 2.54g/t gold from 36.0m (4m composited samples).** This 'discovery' hole is extensively mineralised from only 12.0m depth to its final depth of 77.0m where it ended in low-level mineralisation.

**Importantly, the Bepkong soil anomaly is open to the north and south from where it extends semi-continuously 2km south back to Kunche and for the most part remains untested by drilling.**

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New Bepkong prospect, soil anomalies and Kunche area drilling

Azumah believes that there is **excellent scope to define additional resource ounces in the vicinity of the Bepkong – Kunche anomalous trend.**

## **Reconnaissance Sampling- Establishing a pipeline of anomalies**

The Bepkong discovery is a major breakthrough not only in its own right but also in general for exploration at the 2,800 square kilometre Wa-Lawra project as it confirms the reliability of soil anomalies derived from the truck-mounted power auger soil sampling.

A pipeline of these anomalies is being generated by a continuing, systematic sampling programme that collects approximately 1,000 samples per month from areas of interest.

Of particular note is **Basibli**, 40km north of Kunche, where **a 4.0km anomalous corridor has been outlined with spot values of up to 1.68g/t gold.**

Auger drilling will continue in the March Quarter with a further 3,000 auger samples to be collected. The immediate focus is on the recently discovered West Kunche mineralised area.

At **Butele**, rock chip sampling in July of quartz veins hosted within a granite identified by an observant field hand returned up **to 7.8g/t gold.**

Additional sampling at Butele completed during the Quarter has defined a 300m x 150m anomalous zone with up to **11.5g/t and 8.2g/t gold** in rock chips. The area remains open in all directions.

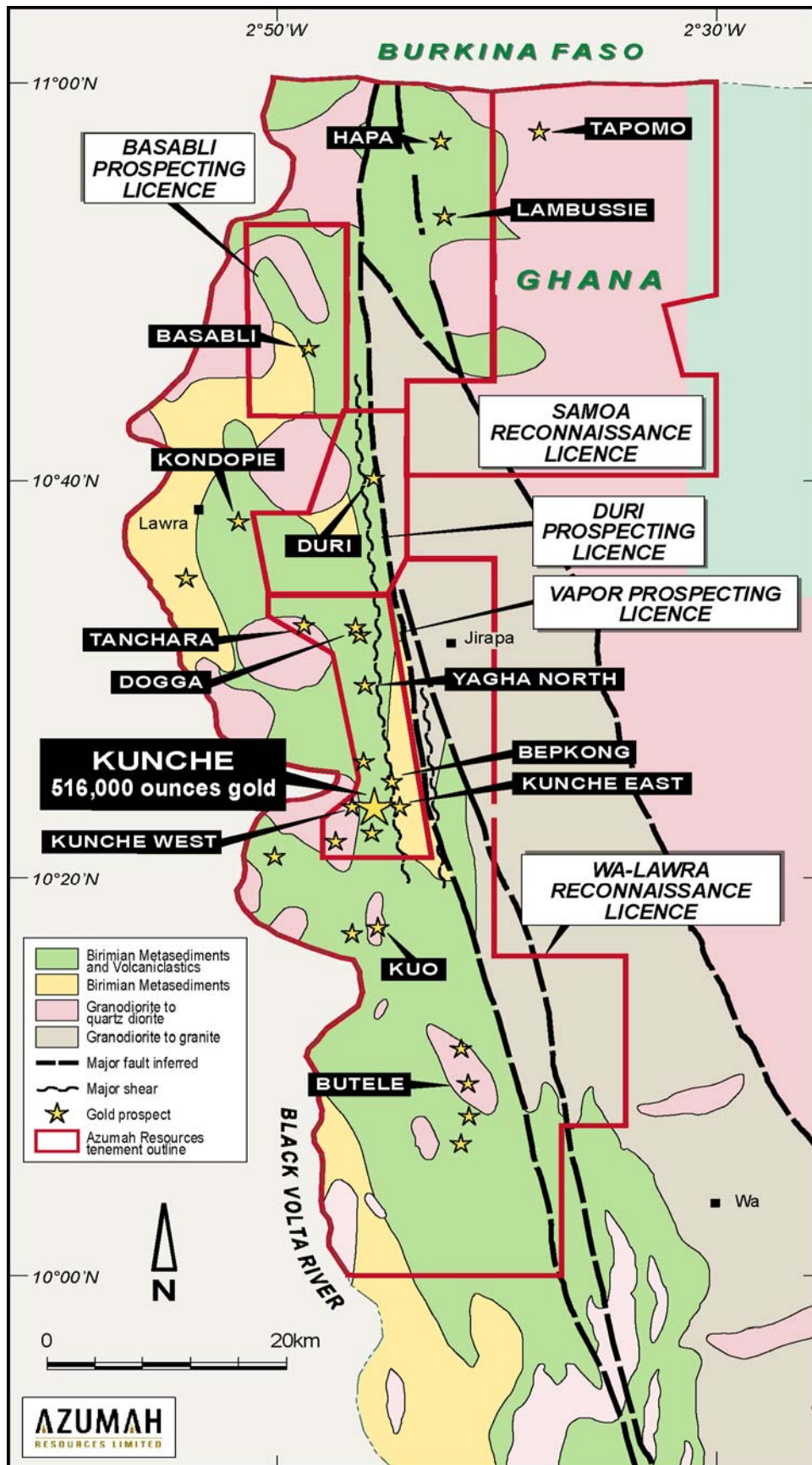
Azumah holds high expectations that its reconnaissance exploration programmes will identify new gold resources at Wa-Lawra. In anticipation, it has moved quickly to apply for prospecting licences over these areas of interest to ensure that they can be drill tested in accordance with provisions of the Ghana Mining Act.

## **March Quarter Programmes – Accelerated Exploration Scheduled**

Under the supervision of Azumah's expanded technical and logistical team an accelerated multi-phase exploration programme is planned for Wa-Lawra. This will comprise:

- **Kunche:** resource remodelling, metallurgical work, drill target definition, drill testing of new Kunche West and Kunche East mineralisation, terms of reference for scoping studies.
- **Bepkong – Kunche:** Infill and extension drilling, rock chip sampling and field mapping.
- **Kunche West:** Power auger sampling and RC drilling.
- **New Targets (Basabli, Duri, Doggo, Yagha, Butele, Kuo):** First pass and reconnaissance RC drilling.
- **TOTAL:** 6,000m combined RC and RAB drilling and 3,000m auger samples.

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Wa-Lawra project licences, geology and key prospects

## New Management Team

Recent appointments have strengthened Azumah's management team that along with its Board provide a broader in-house range of geological, metallurgical and project development skills.

On 18<sup>th</sup> December Non-Executive Chairman, Mr Stephen Stone, was appointed Executive Chairman while exploration and mining geologist, Mr Bernard Aylward, was appointed General Manager. The appointments follow the resignation of Managing Director, Stephen Ross, who guided the Company through its initial listing in January 2006 and resource increases at Kunche.

**Mr Stone** has 30 years operating, management and corporate experience in the international mining and exploration industry including several years in Africa and 20 years as chief executive of several Australian listed exploration companies.

**Mr Aylward** is a highly regarded and successful geologist with over 20 years experience in Australian exploration for a range of commodities and has held exploration manager and chief geologist positions at a number of listed mining companies.

Other Board non-executive members are respected geologist and mining executive, **Mike Ivey**, and metallurgist and project manager, **Joe Ariti**. The Company's Ghana operations will continue to be managed in country from Azumah's new field centre at Nadowli under the management of **Dr Roy Elliot** of consulting geologists **CSA Australia Pty Ltd** who provide a number of technical and data management support services to the project. **RSG Global** provide logistics for the continuing truck mounted auger programme. A small operations support base is retained in Accra and is managed by **Hector Nyianko**

## Corporate

Azumah has **\$3.1M net cash** on hand as at the date of this report and **81M fully paid shares** on issue of which 31M shares were released from escrow in early January 2008. The holders of these shares largely comprise the original vendors of the Wa-Lawra project into the Azumah IPO and early financial supporters of the company

The Board and Management team at Azumah are highly focussed on delivering major returns on its shareholders' investment in the Company through the successful exploration and exploitation of any gold discovered at its Wa-Lawra project. New complementary project and corporate opportunities will form part of its growth strategy.

## Change of Address

As of 1<sup>st</sup> February Azumah will be located at new offices:

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**Dated: Tuesday 29<sup>th</sup> January 2008**

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The information in this report that relates to Exploration Results is based on information compiled by Mr Bernard Aylward and Dr Roy Elliott. Mr Aylward is the General Manager of Azumah Resources Limited and Dr Roy Elliott is a senior consulting geologist for CSA Australia. Mr Aylward is a Member of The Australasian Institute of Mining and Metallurgy and both have 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 and Dr Elliott consent to the inclusion in the report of the matters based on information in the form and context in which it appears.

Statements regarding Azumah Resources' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Azumah Resources' plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Azumah Resources' 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 Azumah Resources' mineral properties.

**Table 1 –Kunche Prospect – RC and diamond drilling results December 2007**

Hole_ID	North	East	RL	Dip	Azi	Hole Depth m	Depth From m	Depth To m	Thickness m	Grade g/t gold
KRC135	526798	1149799	283	-50	90	90	28	32	4	0.87*
							56	60	4	1.15*
KRCD018	526849	1149549	286	-50	90	252.2	186	187.4	1.4	1.1***
							192.6	194.5	1.9	1.9***
							215.15	218.45	3.3	2.99***
							226	230.5	4.5	1.92***
KRCD081	526951	1149149	293	-49.6	92	234.1	154	156.9	2.9	2.33***
							161	164	3	1.27***
							176	182	6	0.72***
							203	204	1	0.57***
KRCD136	526812	1149498	286	-50	90	309.2	109	112	3	0.72***
							240	248	8	2.41***
							256.7	274.5	17.8	0.66***
KRCD137	526918	1149350	289	-50	90	279.5 <i>includes</i>	20	52	32	1.86*
							36	48	12	4.02*
							60	68	8	1.55*
							238.5	241.5	3	1.61***
KRCD138	1148701	526978	296	-50	90	288.2	169.6	171.1	1.5	0.61***
							189.3	192	2.7	1.79***
							212.8	214	1.2	0.54***
KRCD139	1148599	526952	296	-50	90	282.2	202	206	4	0.43***

**Table 2 –Kunche East Prospect – RC drilling results December 2007**

Hole_ID	North	East	RL	Dip	Azi	Hole Depth m	Depth From m	Depth To m	Thickness m	Grade g/t gold
KRC090	527237	1149729	286	-50	90	84	33	35	2	0.66**
KRC091	527219	1149551	288	-50	90	100	93	96	3	2.28**
KRC092	527270	1149550	289	-50	90	90	26	27	1	3.73**
							76	77	1	0.88**
KRC095	527360	1149449	291	-50	90	90	5	6	1	0.56**
							54	55	1	0.5**
KRC096	527408	1149449	291	-50	90	90	0	8	8	9.35**

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Hole_ID	North	East	RL	Dip	Azi	Hole Depth m	Depth From m	Depth To m	Thickness m	Grade g/t gold	
						<i>includes</i>	6	8	2	34.0**	
KRC097	527299	1149349	293	-50	90	110	94	95	1	0.58**	
KRC098	527349	1149349	293	-50	90	90	39	40	1	1.04**	
							47	48	1	1.74**	
							86	87	1	1.58**	
KRC101	527339	1149248	295	-50	90	90	16	17	1	0.52**	
							44	45	1	0.6**	
							69	75	6	0.91**	
							85	87	2	0.67**	
KRC102	527379	1149248	295	-50	90	80	0	2	2	1.44**	
KRC104	527323	1149175	298	-50	90	90	29	30	1	15.3**	
KRC106	527278	1149098	300	-50	90	120	107	108	1	0.68**	
KRC107	527317	1149098	302	-50	90	80	0	1	1	0.64**	
							29	33	4	0.52**	
KRC108	527349	1149098	303	-50	90	72	24	25	1	0.59**	
KRC109	527289	1149041	301	-60	90	120	66	67	1	0.57**	
							107	112	5	0.64**	
KRC111	527294	1149014	301	-60	90	120	54	64	10	0.39**	
							90	96	6	1.98**	
KRC113	527300	1148925	302	-50	90	120	48	52	4	0.55**	
KRC114	527338	1148924	306	-50	90	90	31	32	1	6.75**	
KRC116	527179	1149000	297	-50	90	100	67	68	1	0.55**	
KRC118	527182	1148940	297	-60	90	110	67	78	11	0.86**	
KRC119	527167	1148881	298	-50	90	102	87	92	5	0.77**	
							99	100	1	3.68**	
KRC120	527205	1148881	299	-50	90	94	45	47	2	0.83**	
KRC121	527137	1148650	309	-50	90	100	5	13	8	5.64**	
							<i>includes</i>	5	11	6	7.33**
								59	61	2	1.98**
								69	70	1	0.54**
							97	98	1	0.54**	
KRC122	527187	1148650	305	-50	90	98	23	24	1	0.58**	
KRC123	527143	1148599	308	-50	90	100	10	17	7	3.95**	
							26	27	1	0.7**	
KRC124	527191	1148600	305	-50	90	94	0	4	4	0.6*	
							12	20	8	0.69*	
KRC125	527136	1148547	305	-50	90	104	40	44	4	1.25*	

KRC128	527195	1148500	300	-50	90	90	36	44	8	1.03*
KRC132	527409	1149848	286	-50	90	90	32	36	4	0.52*

**Table 3 -Bepkong Prospect - RC drilling results December 2007**

Hole_ID	North	East	RL	Dip	Azi	Hole Depth m	Depth From m	Depth To m	Thickness m	Grade g/t gold
KRC144	1152198	527176	268	-50	90	77	20	24	4	0.51*
							36	72	36	2.54*
						<i>includes</i>	52	72	20	4.10*

Notes: Assay results are for ½ core NQ2 core size for diamond drill holes (\*\*\*), 1m riffle split samples (\*\*) or 4m composites samples (\*) for RC.

Assay results SGS, Tarkwa, Ghana, Fire Assay method. Intersections based on a 0.5g/t gold lower cut-off, maximum 4m internal dilution and no upper cut-off applied.

Grid coordinates are UTM WGS84 Zone 30N Ghana, Azimuth is UTM grid, with -4<sup>o</sup> variation from magnetic.

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