

December 2009 Quarterly Report

HIGHLIGHTS

Batie West Project, Burkina Faso

- The first phase of a 20,000m drill program at Ampella's Batie West Project was completed on 2 November 2009 allowing finalisation of a maiden JORC Code compliant Inferred Resource estimate for the Konkera Prospect.
- JORC Code compliant Inferred Resource estimate for the Konkera Gold Prospect of 18.6 Mt at 2.0 g/t gold for 1,194,000 ounces gold (1.0 g/t gold cut-off, 16 g/t gold top-cut).
- High grade component contains 6.0 Mt at 3.2 g/t gold for approximately 612,000 ounces.
- Global resource of 1.54 million ounces at a grade of 1.4 g/t gold (0.5 g/t gold cut-off).
- Mineralisation remains open both at depth and along strike.
- The Inferred Resource estimate is principally contained within the top 100 m from surface and further deep drilling will be undertaken in 2010 to extend the mineralisation.
- The 1.2 million ounce Inferred Resource comes less than 18 months after acquisition of the Batie West Project at a discovery cost of less than \$5 per ounce of gold.
- Ampella acquired three strategic new Permits – Niorka, Bottara and Dounkou – adjacent to its Batie West Project. These Permits cover an area of 650 square kilometres and are considered highly prospective for both lode gold and porphyry copper-gold styles of mineralisation.

Corporate

- Fundraising of \$16.5 million (before costs) by a placement of 30 million new shares at \$0.55 each to sophisticated and institutional investors.
- Farm-out of Doulnia and Madougou Projects to Vital Metals and Carbine Resources (respectively) was agreed.
- Acquisition of Niorka, Bottara and Dounkou Permits.

Fast Facts

ASX Codes

AMX
AMXO

Ordinary Shares

Issued Shares 148.6 million

Top 20 Shareholders

62%

Market Capitalisation and Current

Assets (Cash)

Market capitalisation
at 30 December 2009 \$100 million
Market capitalisation
Cash at 31/12/09 \$12.6 million

Board of Directors

- Mr Bill Ryan (Non-executive Chairman)
- Dr Paul Kitto (Managing Director and CEO)
- Mr Evan Cranston (Executive Director – Corporate)
- Mr Charles Soh (Non-executive Director)
- Mr Peter Williams (Non-executive Director)

Company Highlights

- 2,400km² tenement package in Burkina Faso
- 110km previously unexplored shear zone at Batie West
- 1.2M oz maiden JORC Code compliant Inferred Resource at Konkera Prospect
- Experienced board and management team

Key Projects

Ampella is exploring, developing and mining high quality gold assets in the West African country of Burkina Faso.

Project areas include Batie West, Madougou and Doulnia.

Batie West Project

Konkera (Tiopolo Permit)

Ampella completed a third phase of infill and step-out resource drilling on 2 November 2009 at its Batie West gold project in Burkina Faso, West Africa. The major objective for this 14,342m drill program was to complete a maiden JORC Code compliant Inferred Resource estimate for the Konkera Prospect. Gold mineralisation occurs within folded Birimian greenstones which host a 3km long sericite-carbonate-pyrite altered sub-vertical shear zone.

Results from this program continued to impress (ASX: 20 November 2009) with some of the higher grade results including:

- 9m at 12.26 g/t gold
- 16m at 5.86 g/t gold
- 12m at 6.68 g/t gold
- 23m at 4.28 g /t gold
- 18m at 4.76 g/t gold
- 13m at 5.21 g/t gold
- 11m at 5.19 g/t gold

These higher grade results were complemented by broader widths of lower grade mineralisation which were consistent with previously announced results from the Konkera Prospect. Some of these new highlights included:

- 23m at 2.83 g/t gold
- 20m at 2.42 g/t gold
- 20m at 2.31 g/t gold
- 18m at 2.93 g/t gold
- 11m at 3.97 g/t gold
- 14 at 3.13 g/t gold

More importantly, preliminary results from scout drilling at Ampella's adjacent Konkera East auger anomaly indicated that Ampella has found new parallel zones of mineralisation (ASX: 22 December 2009). Highlights included:

- 15m at 3.14 g/t gold
- 10m at 1.97 g/t gold
- 12m at 1.80 g/t gold
- 1m at 14.8 g/t gold

Based on all three phases of drilling at the Konkera Prospect, Ampella was able to announce an initial JORC Code compliant Inferred Resource estimate (ASX: 21 January 2010) after acquiring this virgin project less than 18 months ago. The resource is an interim estimation of gold mineralisation as Konkera remains open both at depth and along strike.

The maiden Inferred Resource estimate, tabulated below, contains 18.6 Mt at 2.0 g/t gold for 1,194,000 ounces of gold (1.0 g/t gold cut-off, 16 g/t gold top-cut). Within this Inferred Resource is a higher grade zone that contains 6.0 Mt at 3.2 g/t gold for approximately 612,000 ounces of gold (2.0 g/t gold cut-off).

These gold resources are contained within a larger global Inferred Resource of 1.54 million ounces of gold at a grade of 1.4 g/t gold (Table 1; Figure 1). This resource covers a 3km long portion of a 110km long gold-bearing shear zone within Ampella's Batie West Gold Province. Since the acquisition of the Batie West Permits 18 months ago, successful exploration programs have resulted in gold discovery costs of less than \$5 per ounce, based on the current Inferred Resource.

Table 1: Summary of Konkera Prospect Inferred Resource estimate for the Batie West Gold Project

Konkera Prospect				
Mineral Resource Estimate (Gold)				
Cut-off Grade Au (g/t)	Category	Tonnes* (t)	Grade* Au (g/t)	Contained Gold* (Ounces)
2	Inferred	6,002,000	3.2	612,000
1	Inferred	18,570,000	2.0	1,194,000
0.5	Inferred	34,400,000	1.4	1,536,000

*Rounding applied

Resource drilling in 2010 will be undertaken to extend known gold mineralisation at the Konkera Prospect. Planning has commenced for both infill drilling of the next 100m vertical depth at Konkera.

Kouglaga (Tiopolo Permit)

Ground magnetics has been completed at the Kouglaga Prospect (1.8km north of Konkera) to assist the next drill program. Previous drilling returned intersections such as 42m at 3.77 g/t gold over a 1km x 700m gold geochemistry anomaly.

Mabera and Gbingbina Permits

Field programs at Batie West continue with auger geochemistry drilling currently progressing on the main shear zone within the Mabera and Gbingbina Permits, some 20km north of the Konkera Prospect.

Doukou Permit

Ampella acquired the Doukou Permit in October 2009. Doukou is situated within a key position at the centre of Ampella's existing Batie West Permits and covers key geological structures linked to gold mineralisation (see Figure 2).

The Doukou Permit lies adjacent to and east of the Mabera Permit where scout drill programs by Ampella have identified a number of significant gold prospects. This Permit also lies immediately south of Volta Resources NI 43-101 porphyry copper-gold resource which contains 82.6MT at 0.4%

copper at 0.4 g/t gold for a total of 724,880 pounds of copper and 1,072,900 ounces of gold. The host stratigraphy to mineralisation is interpreted to continue southward onto the Dounkou Permit.

No modern day exploration has yet been undertaken on the Dounkou Permit, but active artisanal workings are known to occur. The Dounkou Permit is underlain by Birimian age volcano-sedimentary successions intruded by quartz-feldspar porphyry dykes along major crustal gold (copper) bearing structures – the same geological setting as other major West African gold deposits. The new Permit covers an area of approximately 250 sq km.

Ampella aims to commence exploration work over this new Permit immediately. Work will comprise the flying of airborne geophysics (magnetics and radiometrics) in February, together with regional auger and soil geochemical programs to define gold (and copper) targets for future drill programs.

Niorka and Bottara Permits

In January 2010, Ampella entered into an agreement to acquire a further two strategically important mineral Permits at its Batie West Project. The new Permits, known as Niorka and Bottara, are situated in a key position at the centre of Ampella's existing Batie West Project and cover approximately 10km of the Batie West shear zone. The new Permits cover an area of approximately 400 sq km and bring the total area available to Ampella in the Batie West region to approximately 1,800 sq km (see Figure 2).

The Niorka Permit lies adjacent to and to the east of the Tiopolo Permit, which hosts the new Konkera Prospect, where a maiden 1.2 million ounce gold Inferred Resource was announced on 21 January 2010.

Gold mineralisation at Konkera is contained on approximately 3km of the Batie West shear. This shear is interpreted to continue eastwards into the Niorka Permit, where very recent, large-scale artisanal gold workings continue for an additional 4km. These artisanal diggings have exposed silica-carbonate-sericite-pyrite alteration in intensely deformed volcanoclastics containing quartz veins and late stage porphyry intrusions similar to that observed at the Konkera Prospect. Preliminary rock chips over this 4km stretch have returned results up to 10 g/t gold (see Figure 3).

No modern day exploration has been done at the Niorka Permit. A high-grade gold discovery in February 2009 resulted in a gold rush involving more than 30,000 artisanal miners at a new prospect site called Tonior on the Niorka Permit (see Figure 3). Rock chip samples collected by Ampella at the Tonior artisanal site displayed gold values ranging up to 18g/t gold.

The Niorka and Bottara Permits are underlain by Birimian-age volcano-sedimentary successions intruded by quartz-feldspar porphyry dykes along major crustal gold bearing structures – the same geological setting as other major West African gold deposits.

Ampella aims to commence aggressive exploration work over the new Permits immediately. Work will comprise airborne geophysics (magnetic and radiometrics), together with auger and soil geochemical programs to better understand the importance of the high-grade artisanal mineralisation and to define drill targets for future programs.

Madougou and Doulnia Projects

No further work was undertaken by Ampella at its Madougou and Doulnia Projects. During the quarter, Ampella entered into farm out agreements regarding both of these Projects (see below for further details).

Corporate Activity

Fundraising

On 25 November 2009 the Company announced that it had raised a further \$16,500,000 (before costs) by a placement of 30,000,000 new shares at \$0.55 each to sophisticated and institutional investors of Patersons Securities Limited, DJ Carmichael and Fairfax IS plc. The placement was lead managed by Patersons Securities. The first tranche of 19,320,000 shares were issued on 27 November 2009 raising \$10,626,000. The second tranche of 10,680,000 shares to raise \$5,870,000 was approved by shareholders on 29 January 2010 and is due to settle in the first week of February.

During the quarter a total of 53,750 AMXO options were exercised raising a total of \$8,062.50. A further 436,883 AMXO options were exercised during January 2010 raising a total of \$65,532.45. The total number of shares on issue after the placement will be 159,260,709.

Cash at bank as at 31 December 2009 was \$12.7 million.

Farm out of Doulnia and Madougou Projects

On 23 November 2009, Ampella announced that it had entered into a farm out agreement with Vital Metals Limited (ASX: VML) whereby Vital can earn up to an 80% interest in Ampella's Doulnia Project (Doulnia and Kampala Permits) in southern Burkina Faso.

Following completion of a minimum expenditure of \$250,000, Vital may elect to withdraw or earn equity in three stages:

- Vital will earn a 60% equity by sole funding A\$1.5 million of exploration expenditure;
- Vital may increase its equity to 70% by sole funding the next A\$2 million expenditure; and
- Vital may then move to 80% equity by carrying the project to completion of a pre-feasibility study.

On 22 December 2009, Ampella announced that it had entered into a farm out agreement with Carbine Resources Limited (ASX: CRB) whereby Carbine can earn up to an 80% interest in the Madougou Project (Madougou and Kandy Permits) in northern Burkina Faso.

Following completion of a minimum expenditure of \$250,000, Carbine may elect to withdraw or earn equity in three stages:

- Carbine will earn a 51% equity by sole funding A\$3 million of exploration expenditure;

- Carbine may increase its equity to 70% by sole funding the next A\$2 million expenditure; and
- Carbine may then move to 80% equity by carrying the project to completion of a pre-feasibility study.

The farm out of the Madougou Project was approved by shareholders on 29 January 2010. The Board is very pleased with the outcome of the farm out agreements as now Ampella can focus 100% on its Batie West Project whilst still maintaining an interest in the Madougou and Doulunia Projects.

Acquisition of Dounkou Permit

Ampella acquired the Dounkou Permit in October 2009. The terms of the acquisition of Dounkou are staged over 3 years and include an upfront payment of US\$15,000, followed by a second payment of US\$25,000 to acquire 51% of the Permit after 12 months (at Ampella's election). If Ampella elects to proceed with the transfer of the Permit after the third year then it will pay a further US\$20,000. At the completion of the transfer, Ampella will pay an additional US\$10,000 and issue 50,000 ordinary shares to the vendor.

Acquisition of Niorka and Bottara Permits

Ampella has the right to acquire 100% of the Permits from a local vendor by completing 3 staged payments. Ampella will acquire 51% of the Permits by paying US\$200,000 per Permit. Ampella can then elect to acquire 100% of the Permits by making a further payment of US\$150,000 per Permit. If Ampella elects to acquire 100% of the Permits then it must make a further payment of \$150,000 per Permit on the anniversary of the transfer of the Permits to Ampella. Ampella has the ability to accelerate the payments to immediately transfer the Permits. A 1.5% net smelter royalty applies, of which Ampella can buy back half for US\$1 million. The acquisition costs will be funded out of existing cash reserves.

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Paul Kitto, who is a member of the Australian Institute of Geoscientists. Dr Kitto is employed by Ampella Mining Ltd. Dr Kitto has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Kitto consents to the inclusion of the matters based on information in the form and context in which it appears.

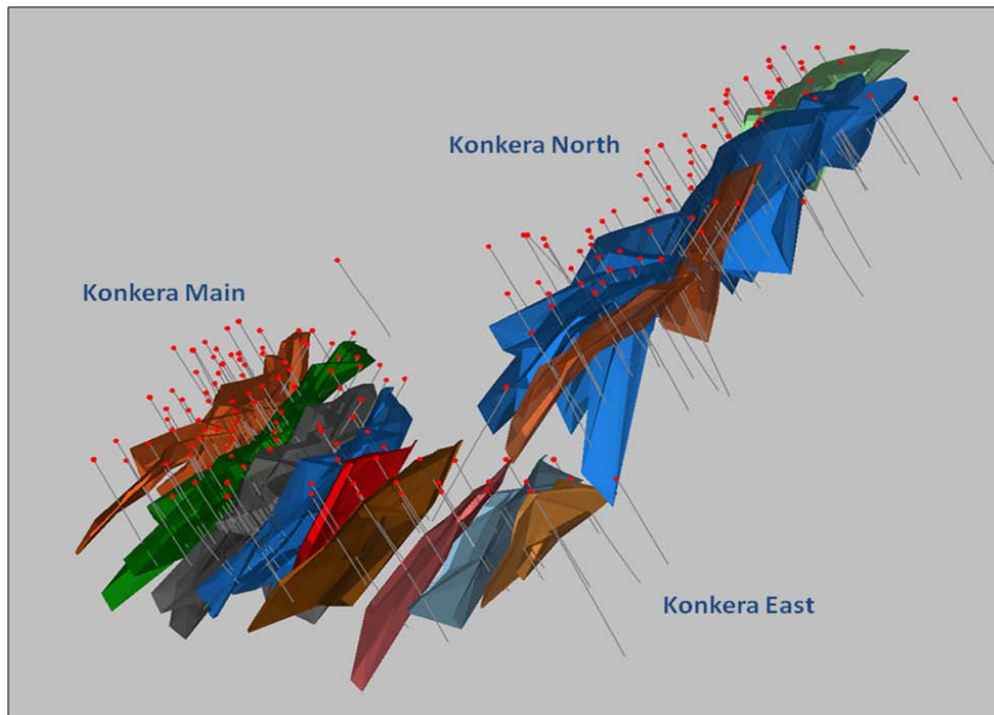


Figure 1. Inferred Resource wireframes for the Konkera Gold Prospect at Batie West, Burkina Faso viewed from the SSE direction.

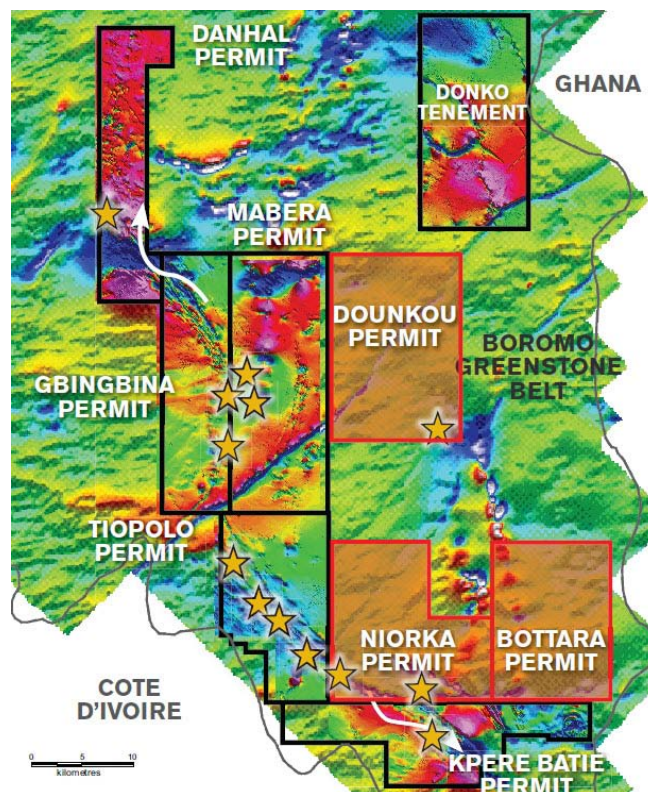


Figure 2. Batie West geophysics showing recent acquisitions in red. Gold stars represent current artisanal workings.

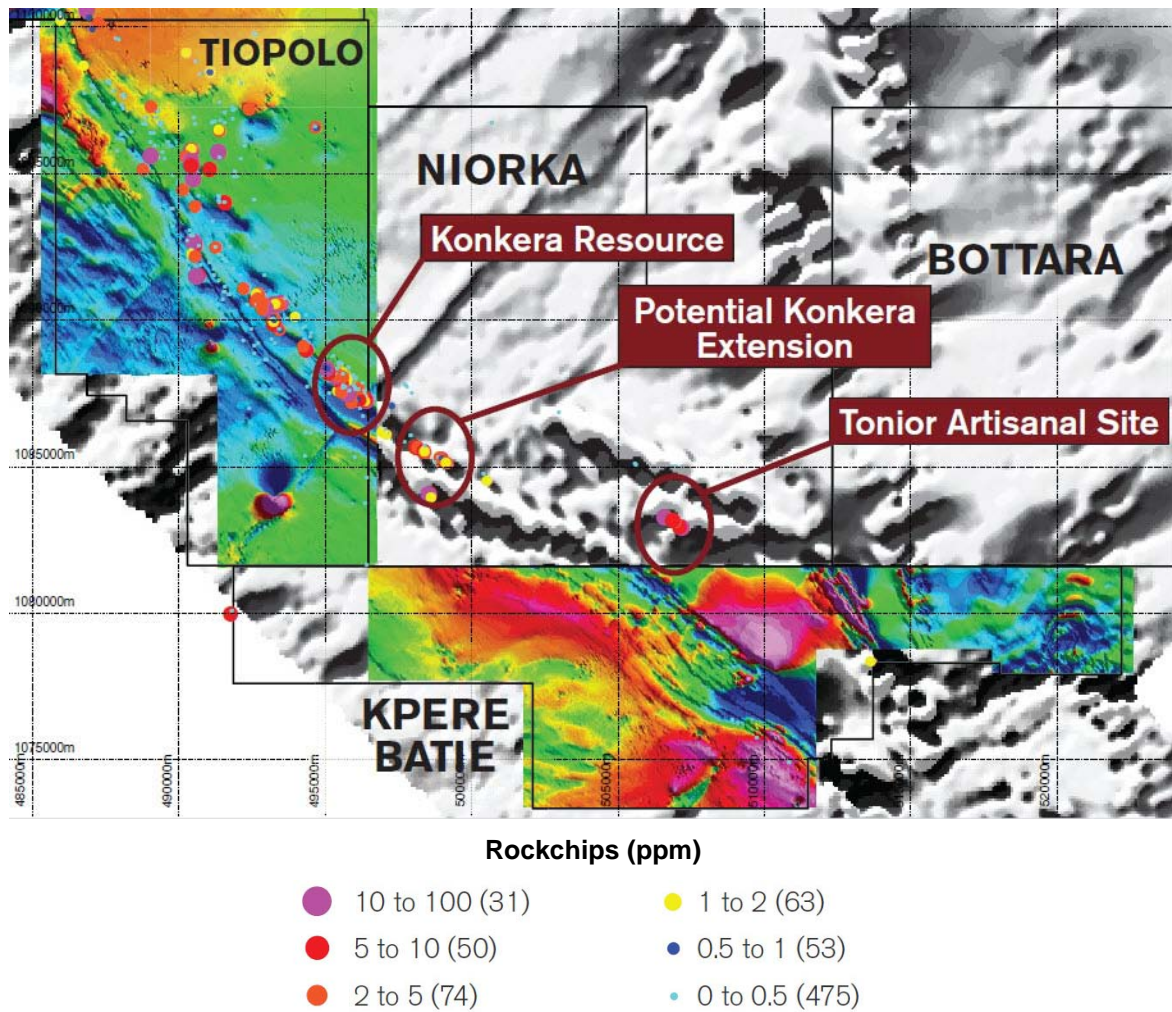


Figure 3. Results from rock chips over the Tiopolo and Niorka Permits with results of up to 10 g/t gold within 4km of 1.2 million ounce Konkera resource and 18 g/t gold at Tonior artisanal site.