

7<sup>th</sup> January 2010

ASX RELEASE

## Option to Purchase Bullabulling Gold Project, Western Australia

Auzex has today entered into a binding terms sheet for an option to acquire the Bullabulling Gold Project, located approximately 60km southwest of Kalgoorlie in the eastern goldfields of Western Australia, from Jervois Mining Limited.

The Project assets include gold resources estimated in 2002 at the time Jervois acquired Bullabulling as follows:

Resource Category	Tonnes	Grade g/t Au	Contained Gold oz
Measured	4,865,000	1.51	237,000
Indicated	4,159,000	1.35	180,800
Inferred	284,000	1.52	13,900
<b>Total</b>	<b>9,308,000</b>	<b>1.44</b>	<b>431,600</b>

*Note: Resource tonnes and contained gold figures have been rounded*

Approximately 14,000oz gold has been produced by dump leaching from that time to the present, from the resource stated above. Previous carbon-in-pulp (CIP) production undertaken between 1988 and 2002 is estimated at 7.9 million tonnes at an average grade of 1.45g/t gold (371,000oz).

Gold mineralisation at Bullabulling is open in all directions, particularly at depth, where previous resource drilling is limited past a vertical depth of 50m, with an average depth of only 34m. In addition, current pit optimisations and mine planning were undertaken at a US\$315oz gold price. With the current gold price in excess of US\$1100oz, Auzex considers there is scope for expanding the current resources significantly between the existing pits and at depth.

Bullabulling is attractive to Auzex because of the large landholding (exceeding 60km<sup>2</sup>) with 100% ownership, an established gold resource with excellent potential to increase the scope and scale of the project significantly in a proven geological environment, and granted mining tenure with access to power and water to assist with early development.

The key terms of the option are as follows:

- An exclusive option period of three months, exercisable by Auzex at any time
- An option fee of \$20,000 per month with no payment in the first month
- Replacement of the security bonds for the mining tenements (approximately \$1.25 million)
- Payment of \$800,000 consideration for existing buildings, plant and machinery. Auzex may elect to pay the acquisition consideration by issuing shares to Jervois Mining Limited at Auzex's volume weighted traded share price over the five days prior to that issue.
- Royalty payment of \$30 per ounce up to 400,000oz gold produced and, if any greater amount is produced, reducing to \$20 per ounce thereafter.

Funding for the acquisition requires approximately \$2m to cover the costs of tenements, associated plant and equipment and replacement of the environmental bond. Auzex is well advanced in providing funding options and is confident of an early conclusion on attractive terms.

A further similar amount (\$2.0M -\$2.5M) will be required to complete assessment of the project and is expected to be a combination of a placement and a subscription offer to shareholders on similar terms.

The Board believes this opportunity will provide significant value to Auzex shareholders.

For further information please check our website ([www.auzex.com](http://www.auzex.com)) or contact Eugene Iliescu (Managing Director) or John Lawton (Executive Chairman) on +617 3303 0393 or +617 3303 0198 respectively.



**Eugene Iliescu**

Managing Director

**Competent Person Statement**

*The information in this report that relates to Exploration Results is based on information compiled by John Lawton who is a Member of The Australasian Institute of Mining and Metallurgy. He is a full-time employee of the Company and has sufficient experience that 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". John Lawton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*