

11 February 2010

ASX RELEASE

## Heads of Agreement signed on Bullabulling Gold Project

Auzex Resources has today signed a binding Heads of Agreement with Central China Goldfields Plc ("CCG"), a listed exploration company on the Alternative Investment Market (AIM) of The London Stock Exchange (AIM:GGG), over the Bullabulling Gold Project in the Coolgardie Goldfields of Western Australia.

On 7 January 2010, Auzex entered into a binding terms sheet with Jervois Mining Limited ("Jervois") providing a three month exclusive option to acquire the whole interest in the Bullabulling Gold Project. Subsequently, on 4 February 2010 the Company has advised Jervois and announced to ASX that having completed due diligence, it intends to exercise the option to purchase.

The key terms of the Heads of Agreement with CCG are as follows:

- An exclusive option to acquire a 50% interest in the Bullabulling Gold Project on the terms set out in the last dot point below.
- CCG will make an immediate cash payment of \$500,000 and issue 14,044,944 CCG shares at 4 pence each (equivalent to approximately 7.1% of CCG following allotment) to Auzex.
- Auzex will issue to CCG 1.5 million Auzex shares at 0.25 each and a note with a face value of \$1.125 million which will convert to 4.5 million shares, subject to shareholder approval at an Extraordinary General Meeting planned to be held in late March 2010. After full conversion of the note, CCG will hold 6 million Auzex shares, representing approximately 12.9% of the Company.
- Subject to due diligence, CCG will pay Auzex \$2.5 million to exercise its option and earn 50% of the Bullabulling Gold Project. Auzex will use part of these funds to exercise the option with Jervois within the three month exclusive option period.

Once the CCG option is exercised, the assessment and development of Bullabulling will be governed by a Joint Venture Agreement to be negotiated between the parties, with management and funding based on participating interest. The intention of the parties is to fast track Bullabulling to bankable feasibility within a twelve to eighteen month timeframe at an estimated cost of \$2.0 million to \$2.5 million.

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, there is scope for expanding the current resources significantly between the existing pits and at depth.

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.

#### **Competent Person Statement**

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Lawton who is a full-time employee of the Company and Member of The Australasian Institute of Mining and Metallurgy. He 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.*