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Unit 441 Skyline Apartments  
30 Macrossan Street  
Brisbane Qld 4000 Australia  
GPO Box 3249  
Brisbane Qld 4001 Australia  
Tel +61 7 3333 2722  
Email: [enquiries@auzex.com](mailto:enquiries@auzex.com)  
[www.auzex.com](http://www.auzex.com)

**ASX RELEASE**

## **AUZEX AIM LISTING, DEMERGER OF EXPLORATION ASSETS AND CAPITAL RAISING**

Australasian gold mining company Auzex Resources Limited (ASX: AZX) ('Auzex' or 'the Company') intends to seek admission of its shares to trading on the AIM Market of the London Stock Exchange ('AIM').

In conjunction with the AIM listing, the Company will also be asking for shareholder approval at a general meeting to raise up to \$25 million which will be used to progress exploration and development of the Bullabulling Gold Project located 65km south-west of Kalgoorlie, Australia and to fund AIM listing and defence related costs.

The purpose of the AIM listing is to enable UK investors to participate in the Bullabulling Gold Project through a shareholding in Auzex and to access overseas capital.

Auzex also intends to demerge its highly prospective non-Bullabulling exploration portfolio. Subject to shareholder approval, these exploration assets will be restructured into a separate spin off company and the shares in the spin off company, distributed in specie to Auzex shareholders. Only Auzex shareholders on the register at the time of the demerger will benefit from these excellent resource assets.

The current takeover attempt by UK-based GGG has elevated uncertainty at both asset and company level for Auzex. The Company is determined to restore certainty and shareholder value despite GGG having the ability keep its takeover offer open for a period of up to 12 months.

In light of this uncertainty, the Board considers it prudent to ensure that it has the financial capacity to rapidly develop Bullabulling and take advantage of the 194,000 metre drill campaign that has been lodged with the WA Mines Department, together with a proposed drill program to test the potential for deeper, high grade mineralization during this period.

John Lawton, Managing Director commented *“The highly flawed and hostile bid from our UK-based Joint Venture Partner GGG Resources plc (“GGG”) has highlighted that only a common sense win-win approach will be acceptable to both sets of shareholders. Auzex believes that an Australian domiciled company with a primary listing on the Australian Securities Exchange, a reputable and globally recognised stock exchange for both domestic and global investors and a secondary listing on AIM will be beneficial for both Auzex and GGG shareholders, in contrast to the current hostile takeover offer:*

*Australian resident shareholders would benefit from Australia’s ‘franking credit’ tax system in future years and would also not need to dispose of their shares and suffer potential adverse Australian tax consequences.*

*UK resident GGG shareholders could hold shares in Auzex in tax effective Individual Savings Accounts (“ISAs”). Currently, the UK tax benefits of investing through ISAs are not available to GGG shareholders because GGG’s AIM listed shares and its proposed ASX listed CDIs are not ‘qualifying investments’ and are ineligible for concessional UK tax treatment. However, holdings of shares in ASX listed companies such as Auzex would be eligible for that concessional tax treatment.*

*We believe that the best outcome for both sets of shareholders is for Auzex:*

- to focus on the rapid development of the Bullabulling Gold Project capitalising on the work it has completed to date;*
- to spin out Auzex’s non-Bullabulling portfolio into a new company to be owned ultimately by Auzex shareholders and managed by a separate management team;*
- to list on AIM to provide Auzex UK shareholders with a local market; and*
- in conjunction with the AIM listing, to raise additional capital to ensure that Auzex can fund its share of a fast tracked Bullabulling project during this period of uncertainty created by the unsolicited, conditional and flawed takeover offer.*

*This strategy provides a logical, Australian based and operated entity with which to successfully develop Bullabulling to its fullest potential.*

*We are still open and encourage the GGG Board to take the opportunity offered by Auzex to explore alternatives to their hostile takeover in the interests of shareholders of both companies.”*

The Company intends to utilise the fast track “Designated Markets” route for the AIM listing that is available to ASX companies. The key step in this process is the preparation and public release of an independent technical report on the Company’s projects. This work is in progress.

It is intended that the capital raising will be completed at a price substantially above the implied current price of GGGs Offer of A\$0.73<sup>1</sup>.

These proposed initiatives will be subject to Auzex shareholder approval. Further details of the proposed capital raising, AIM listing and the spin out of Auzex's non-Bullabulling exploration portfolio will be provided to shareholders in the coming weeks.

The Directors of the Company recommend that Auzex shareholders **TAKE NO ACTION** in relation to the GGG Offer or communications from GGG and wait for Auzex's Target's Statement.

Any shareholder who accepts GGG's inadequate Offer prior to the record date of any demerger of Auzex's non-Bullabulling exploration portfolio will not be entitled to receive any shares in the spinoff company and participate in the value that the spin off may create.

Your Board unanimously recommends that Auzex Shareholders **REJECT** the GGG offer and **it is their current intention to do the same for the shares they hold**.

All statements of intention in this announcement are statements of present intention only. Auzex and each of its Directors reserves the right to make decisions in light of the prevailing circumstances at the time of their decision and to change earlier decisions, all in their absolute discretion.

For further information, please check our website ([www.auzex.com](http://www.auzex.com)) or contact:

John Lawton  
Managing Director  
Auzex Resources Limited  
Phone +617 3333 2722

Stephen Stroud  
Director Corporate Finance  
StoneBridge Group  
Phone +61 410 883 652

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<sup>1</sup> based on GGG's closing share price on 4 May 2011 of £0.34 and GBP/AUD exchange rate of \$1.53