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ASX RELEASE

Bullabulling Gold Project – Resource Drilling and Work Update

Highlights

- **Development of Bullabulling continues on track despite time committed to responding to GGGs unsolicited bid.**
- **Auzex has commenced the Phase Two drill program.**
- **Approval of the Program of Works for a planned 194,000m drilling program has been received from the WA government and 3 drill rigs are currently working on site.**
- **27 new drill holes totalling 5,793m have been completed during April and May 2011, bringing the overall drilling total to 36,540m in 254 drill holes since commencement and 1,508m in 8 holes for the Phase Two drilling program.**
- **Results from the drilling program continue to confirm and expand the current resource model and include new high grade intersections.**
- **Approximately 22% of reported mineralised sections are outside the current resource model.**
- **Highlights include 4m at 4.73 g/t Au, 1m at 13.75 g/t Au, 12m at 1.52 g/t Au, 11m at 1.73 g/t Au, 14m at 1.27 g/t Au, 29m at 0.73 g/t Au, 1m at 9.12 g/t Au, 22m at 0.75 g/t Au, 16m at 1.44 g/t Au and 10m at 1.8 g/t Au.**
- **The QAQC has been approved by our resource consultants, meaning the historic RC drill data can be used for resource and reserve estimation.**
- **Auzex has planned a deep drilling program to test for high grade mineralisation (+5 g/t Au) below the current resource limit, based on its understanding of the Bullabulling model of mineralisation.**

Resource drilling program update

Until recently, the Bullabulling drilling program was focussed on establishing a revised resource estimate. At the last joint venture meeting held prior to GGG announcing its intention to bid for Auzex, it was agreed:

- The extent of the drilling required to achieve QAQC sign off
- The external geological consultants would require approximately a month to finalise QAQC sign off
- Pending the outcome of the review, it would be appropriate that drilling be scaled down
- After satisfactorily concluding QAQC sign off, Phase 2 drilling (initially consisting of 30,000m of infill and exploration drilling) would commence.

Consistent with the strategy recommended by Auzex and adopted by the joint venture, Auzex is pleased to announce that:

- **(QAQC sign off)** The resource consultants have signed off on the QAQC drilling and confirmed that the historic RC drill results can be used in resource and reserve estimation.
- **(Drill spacing sign off)** They have also confirmed that a drill spacing of 25m by 50m is required to upgrade inferred resources to the indicated resource category and detailed planning has now been completed to bring the drill spacing of the resource over the six kilometre strike of the Bullabulling Trend to the recommended drill density. Approximately 92,000m of infill drilling will be required to complete this task, depending on the discovery of any new zones of mineralisation, which will take approximately five months to complete.
- **(Government approval received for further drilling)** Approval has been received from the WA government for the Program of Works for up to 194,000m of drilling over the next 12 months.
- **(Further drilling commenced)** Auzex has commenced the Phase Two RC resource drilling program, which initially comprises the 30,000m of infill and exploration drilling approved by the joint venture.

The updated resource estimate will be available within the next two weeks.

The metallurgical testwork and resource estimation have been completed and is in the final stages of review.

A final scoping study and financial model will now be completed to allow the Auzex Board and Joint Venture committee to sign off on the optimum processing rate. The project cannot move forward until this decision is made.

The program of work remains on track to deliver the results of a feasibility study at the end of this year.

There are 3 drill rigs working on the Phase Two program infilling the historic drilling between Phoenix and Hobbit and exploration drilling to increase the current resource base, including significant exploration targets to the south of the main Bullabulling Trend such as Gryphon and Eileen where previous RAB drilling has intersected widespread gold mineralisation.

Commenting Managing Director John Lawton said: *"It is pleasing to report the start of the Phase 2 drilling campaign aimed at increasing the resource base over the remainder of 2011 to potentially provide for 10 years of operations. This will involve infill drilling along the remainder of the 6km long Bullabulling Trend, as well as drilling known exploration targets to the south of the Phase 1 campaign. In addition, Auzex has prepared a proposal for a deep diamond drilling program targeting high grade gold mineralisation, which has yet to be approved by our JV partners.*

The development program has been progressing in the way that Auzex recommended to and was adopted by the joint venture earlier this year. We are pleased that despite the time commitment required to respond to the unsolicited GGG Offer, we have been able to minimise disruption to the project timetable and to deliver on our strategy. We expect this to continue under Auzex's management of the project.

Auzex has been achieving good progress and does not believe that GGG's criticism of the work program, in the media and to the investor community in Australia or the UK has been accurate or fair. Auzex assures shareholders that it is focussed on the fast track development of Bullabulling. It is also open to discussions with GGG on development alternatives, but to date, GGG has declined to engage. In the interim, Auzex will continue developing Bullabulling as quickly as operating and market conditions (and GGG) will allow."

Objective of Phase Two resources drilling program - to establish sufficient reserves for a ten year mine life reserve

A key aim of the Phase Two resource drilling program is to infill the current and historic drilling to a 25m by 50m drill spacing to allow all the current Inferred resource to be reclassified to the Indicated resource category, and in turn enable initial JORC compliant reserves to be established for the project. The current reported JORC compliant mineral resource is 41,517,000 tonnes at 1.48 g/t Au (1.98 million ounces contained gold) at a 0.7 g/t Au cut off to an assumed economic mining depth of 315m RL, approximately 120m below surface.

Bullabulling Mineral Resource (August 2010)

Mineral Resource estimate	Cut Off (g/t Au)	Class	Tonnes	Gold grade g/t	Contained Ounces
August 2010	0.7	Inferred	41,517,000	1.5	1,982,000

Note: The resource is quoted for blocks with a grade of greater than 0.7 g/t and above the 315 RL which approximates to 120m depth below surface. Differences may occur due to rounding.

Drilling work

The final phase of QAQC drilling (Phase One) was completed in early May with 4,285m from 19 holes drilled from April 2 2011 until May 13 2011. The Phase Two drilling started on May 14 2011 and 1,508m from 8 holes has been completed from then until May 19. Since the last announcement where results were reported to 01 April 2011, there has been a total of 5,793 metres drilled in 27 holes (Table 1). Total drilling production to date is 36,540m from 254 holes, including pre-collars for metallurgical holes. Drilling during the period focussed on finishing the Phase One QAQC drilling and starting Phase Two exploration drilling of the footwall lodes between Hobbit, Phoenix and Bacchus East (Figures 1, 2).

Drilling results

Drill assays continue to confirm the resource estimate and geological model (Table 2). Better intersections from the Phase One and Phase Two drilling include: 4m at 4.73 g/t Au from 7 m in BJ0236, 1m at 13.75 g/t Au from 44m in BJ0238, 6m at 1.42 g/t Au from 124m in BJ0243, 12m at 1.52 g/t Au from 136m in BJ0243, 7m at 1.19 g/t Au from 123m in BJ0247, 11m at 1.73 g/t Au from 105m in BJ0251, 14m at 1.27 g/t Au from 133m in BJ0251, 3m at 3.36 g/t Au from 119m in BJ0280, 6m at 1.57 g/t Au from 12m in BJ0344, 29m at 0.73 g/t Au from 159m in BJ0350, 1m at 9.12 g/t Au from 249m in BJ0350, 3m at 2.31 g/t Au from 28m in BJ0369, 19m at 0.72 g/t Au from 68m in BJ0369, 4m at 2.06 g/t

Au from 119m in BJ0369, 22m at 0.75 g/t Au from 67m in BJ0394, 16m at 1.44 g/t Au from 96m in BJ0394 and 10m at 1.8 g/t Au from 132m in BJ0396.

As in the previously announced holes, there are generally at least 4 intersections per hole relating to the multiple stacked lodes defined by the structural mapping. Approximately 58% of these intersections returned similar or better grades or widths of mineralisation to the resource model and 20% were worse or did not intersect mineralisation predicted by the resource model. Approximately 22% of the reported intersections have returned gold mineralisation outside the current resource model, as previously reported to 315 RL or approximately 120m below surface, which will add to the current resource base of the project.

Auzex proposed new exploration program – High Grade Deeps Project

The main attractions for Auzex acquiring the Bullabulling project in January 2010 were not only the near surface low grade potential of the Bullabulling shear zone, which has now been established by the Company, but also the potential for higher grade mineralisation at depth. There are numerous examples in the Eastern Goldfields of prospects being mined for low grade near surface resources only for large high grade mineralisation to be found nearby. Recent alteration mapping and geological modelling has again hinted at this potential within the Bullabulling project area.

The geology of the project area is poorly exposed, with outcrop of un-weathered lithologies less than 5%, including open pits and trenches. A detailed geological interpretation of the region has now been completed by Auzex using geophysics and drill data that maps lithology and structure in reasonable detail (Figure 3) to allow targeting using spatial data modelling in 3D. There has been little previous work on understanding the primary controls on gold mineralisation in the region compared to other parts of the Eastern Goldfields and consequently no systematic targeting especially for deeper high grade primary mineralisation has been carried out. Auzex is working with CSIRO to develop accurate 3D maps of the alteration associated with gold mineralisation. When these alteration maps are combined with 3D geology and structure they will provide drill targets at depth beneath the current resource where laterally continuous zones of higher grade mineralisation may exist.

The gold deposits at Bullabulling are hosted within a shear zone (up to 800m wide) within a sequence of metamorphosed ultramafic and mafic volcanics and sediments which dip about 45° to the west compared to the vertical dip of the shear zone (Figure 4).

Distribution of gold mineralisation in the near surface is controlled mainly by lithology. Recent 3D geological modelling by Auzex has defined the distribution of komatiite sequences at depth and along strike using geochemistry derived from analysis of the recent drill chips (Figure 3).

The main lithologies that host the bulk of the gold in the current resource are magnesian rich rather than iron rich, which may explain the low grade nature of the mineralisation. The key to finding higher grade continuous ore shoots along the Bullabulling mineralised trend is to locate at depth where the mineralised structures being drilled in the near surface intersect brittle and iron rich rocks (Figure 4).

The structures associated with gold mineralisation can be identified by geochemistry and alteration mapping and a detailed 3D model of the geology can be developed by using detailed ground geophysics and stratigraphic diamond drilling to target potential high grade shoots at depth.

The 3D geological model of the Bullabulling Gold Project stratigraphy was developed by Auzex to complement the 3D structural model. This work has led to a better understanding of the controls on gold mineralisation in the Bullabulling Gold Trend, which will assist targeting of possible high grade gold mineralisation at depth.

Planning of the high grade deeps project has been completed and 3D modelling work has started. The next phase of work will include:

- Ground geophysics
- Hylogging of drill core and drill chips
- Stratigraphic diamond drilling
- 3D geological and spatial data modelling
- Diamond drilling of specific targets

While it is important to continue the infill drilling program in known mineralised areas in the near surface to upgrade the JORC status of the resource, this new High Grade Deeps Project has the potential to significantly increase the resource base of the project if successful and can be carried out in conjunction with infill resource drilling.

The Joint Venture committee will be required to sign off on the proposed infill and exploration drilling programs when it next convenes.

Future Work Plan

Work is continuing as planned with the following work expected to be completed in the coming months:

- Sign off on processing costs
- Finalise preliminary engineering design
- Receipt of all assay results from the resource drilling
- Development of a preliminary resource estimate
- Sign off on capital costs
- Resource estimation
- Optimisation and reserve estimation
- Start of next phase of drilling either exploration or infill drilling driven by the results from the optimisation studies
- Appoint project manager and preparation of BFS
- Commence high grade deeps exploration project

GGG take-over offer for Auzex

The Board continues to unanimously recommend that shareholders **TAKE NO ACTION** and **DO NOT ACCEPT** the GGG offer.

The Board is firmly of the view that the most logical solution for both Auzex and GGG shareholders is an Australian domiciled and controlled entity with a primary listing on ASX and a secondary listing on AIM, driven by an experienced and locally based Board and management team. Auzex personnel have significant experience in identifying, developing and operating gold mines in the Australasian region which is being utilised at Bullabulling with a well designed and technically sound strategy to fast track development.

For further information please check our website (www.auzex.com) or contact John Lawton (Managing Director) or Greg Partington (Operations Director) on +617 3333 2722 and +6144800987 respectively.

Bullabulling Overview

The Bullabulling Gold project (Bullabulling) is a large tonnage, low grade deposit with high grade shoots, associated with the regional Bullabulling shear zone which extends over tens of kilometres. The mineralised structure is 500m wide, consisting of multiple west dipping low grade stacked zones with narrower higher grade gold mineralisation. Bullabulling is located near Coolgardie and approximately 65km south-west of Kalgoorlie, Western Australia. Bullabulling was previously mined by Resolute producing 371k oz Au

in the 1990's. The current program focuses on approximately 2.3km of the 6km portion of the shear zone known as the Bullabulling Trend where previous operations were concentrated. The focus for the Bullabulling joint venture with GGG Resources plc is to establish an initial reserve exceeding one million ounces gold to commence production in 2013.

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources and 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". The latest August 2010 Mineral Resource estimate was completed under the overall supervision and direction of Steven Hodgson, MAIG, of CSA Global who is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). John Lawton and Steven Hodgson consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.



Figure 1: A recent aerial view of Bullabulling looking south with three drill rigs operating between Phoenix and Hobbit pits

Figure 2: Drill plan showing the location of QAQC and infill drilling in the main resource areas and holes targeting the high grade mineralisation in the Bacchus Deeps area.

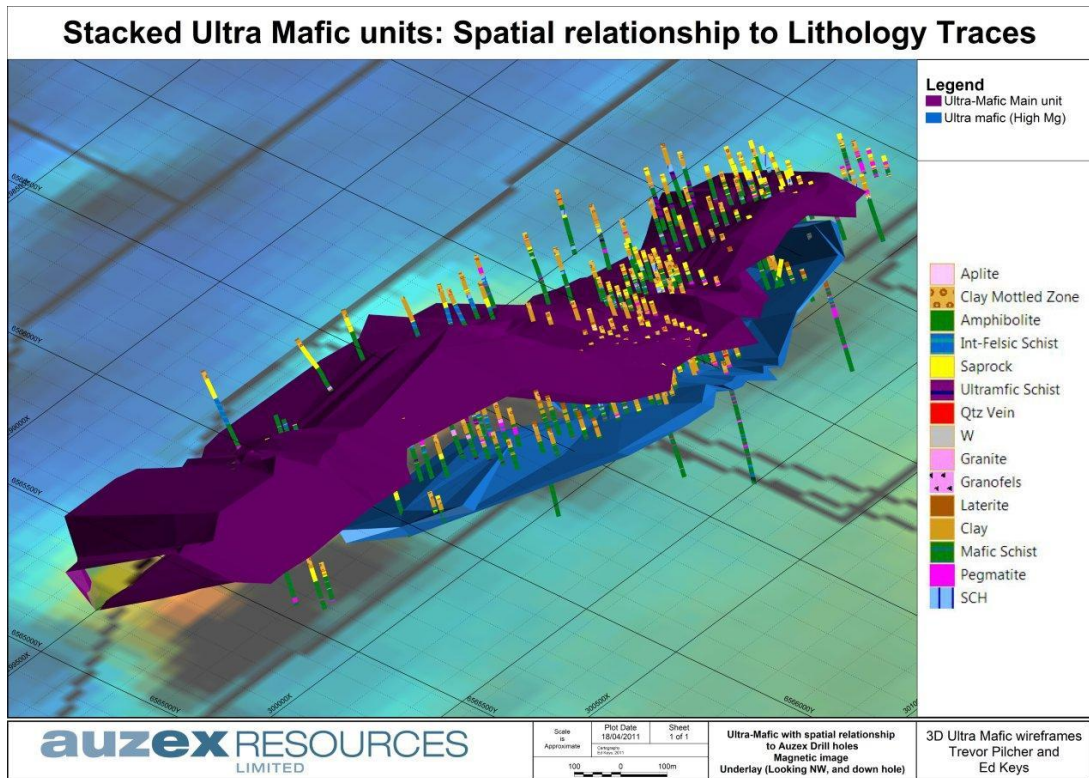
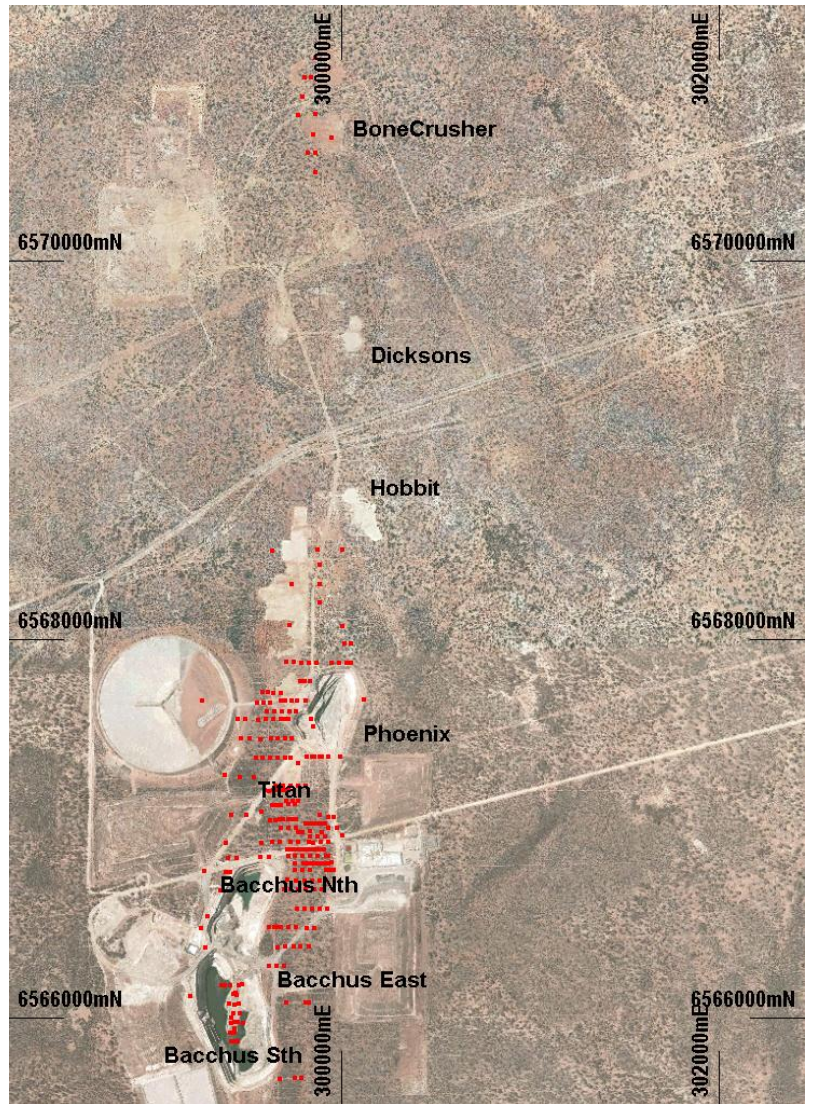


Figure 3: Distribution of komatiite lithologies in 3D at Bullabulling compared to gold geochemistry

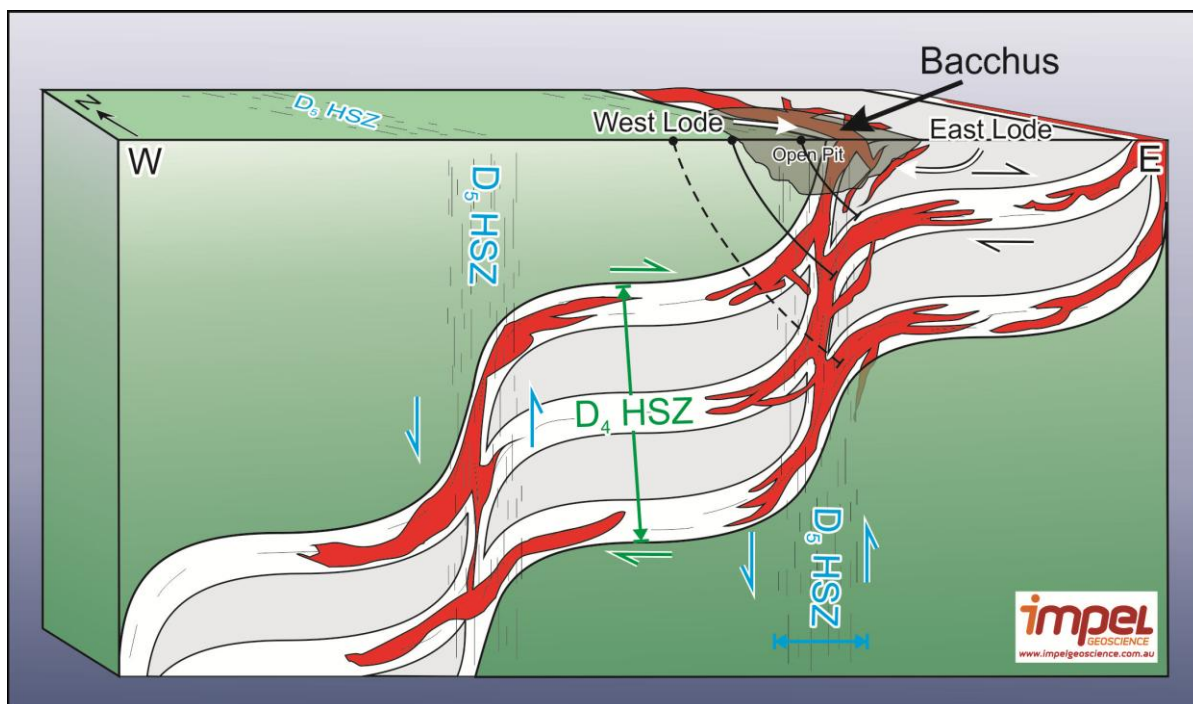


Figure 4: 3D Model of the structural framework of the Bullabulling Trend showing interpreted extensions to known mineralisation and also potential targets at depth within iron rich brittle lithologies.

Table 1: Bullabulling Collar data for RC drilling completed between 02 April and 19 May 2011

Hole	Prospect	Easting	Northing	RL	Dip	AZ	Length	Phase	Comments
BJ0236	TI	299694.03	6566680.02	429.37	-60	90	48	Phase One	Mineralised
BJ0238	TI	299758.5	6566727.25	430.02	-60	90	162	Phase One	Mineralised
BJ0243	TI	299749.57	6566780.5	430.03	-60	90	186	Phase One	Mineralised
BJ0247	TI	299753.9	6566819.07	430.27	-60	90	168	Phase One	Mineralised
BJ0251	TI	299715.51	6566857.63	430.08	-60	90	181	Phase One	Mineralised
BJ0317	TI	300000.74	6566965.27	433.25	-60	90	283	Phase One	Not Mineralised
BJ0281	TI	299992.07	6567382.92	440.23	-60	90	216	Phase One	Not Mineralised
BJ0333	TI	300117.55	6567685.68	439.45	-60	90	252	Phase One	Not Mineralised
BJ0254	TI	299256.74	6566475.54	431.74	-60	90	348	Phase One	Mineralised
BJ0339	PH	299258.79	6567677.78	439	-60	90	210	Phase One	Not Mineralised
BJ0255	TI	299271.22	6566776.38	432.69	-60	90	312	Phase One	Mineralised
BJ0280	TI	299574.03	6566925.29	430.72	-60	90	252	Phase One	Mineralised
BJ0256	PH	299865.06	6567877.07	445.97	-60	90	150	Phase One	Mineralised
BJ0344	HB	300004.16	6568073.72	448.08	-60	90	252	Phase One	Mineralised
BJ0350	HB	299722.78	6568074.9	445.88	-60	90	342	Phase One	Mineralised
BJ0369	HB	299882.65	6568195.51	452	-60	90	270	Phase One	Mineralised
BJ0394	HB	299883.02	6568295.9	455	-60	90	256	Phase One	Mineralised
BJ0396	HB	299738	6568295	449	-60	90	163	Phase One	Mineralised
BJ0427	HB	299870	6568475	456	-60	90	234	Phase One	Pending
BJ0415	HB	299882	6568395	455	-60	90	222	Phase Two	Pending
BJ0240	TI	299712	6566730	430	-60	90	186	Phase Two	Mineralised
BJ0268	TI	299882	6567075	452	-60	90	145	Phase Two	Mineralised
BJ0432	HB	299630	6568470	456	-60	90	318	Phase Two	Pending
BJ0269	TI	299838	6567075	452	-60	90	133	Phase Two	Pending

BJ0245	TI	299704	6566781	430	-60	90	204	Phase Two	Pending
BJ0424	HB	300002	6568475	456	-60	90	198	Phase Two	Pending
BJ0447	HB	299882	6568575	455	-60	90	102	Phase Two	Pending

Table 2: Intersection summary from drill assays received between 2 April 2011 and 19 May 2011

Hole	From	To	Width	Au g/t	Includes
BJ0236	47	50	3	0.68	
BJ0236	70	74	4	4.73	2.0m at 8.78 g/t Au from 70m
BJ0236	87	92	5	0.59	
BJ0236	135	137	2	1.32	
BJ0238	44	45	1	13.75	
BJ0238	69	79	10	0.57	
BJ0238	107	110	3	1.06	
BJ0238	129	131	2	3.30	1.0m at 5.93 g/t Au from 129m
BJ0238	137	139	2	1.19	
BJ0243	100	104	4	0.90	
BJ0243	124	130	6	1.42	
BJ0243	136	148	12	1.52	4.0m at 3.52 g/t Au from 136m
BJ0247	35	38	3	0.61	
BJ0247	88	91	3	3.11	
BJ0247	101	103	2	2.17	
BJ0247	123	130	7	1.19	
BJ0251	13	17	4	1.13	
BJ0251	47	50	3	0.38	
BJ0251	105	116	11	1.73	1.0m at 11.90 g/t Au from 105m
BJ0251	133	147	14	1.27	3.0m at 3.21 g/t Au from 143m
BJ0254	117	121	4	0.68	
BJ0254	225	227	2	1.29	
BJ0254	258	267	9	0.55	
BJ0254	289	293	4	0.43	
BJ0254	298	301	3	0.78	
BJ0254	311	324	13	0.62	
BJ0254	329	341	12	0.41	
BJ0255	162	167	5	0.88	
BJ0255	180	182	2	1.15	
BJ0255	286	300	14	0.55	
BJ0256	24	29	5	0.74	
BJ0256	60	66	6	0.43	
BJ0280	62	67	5	0.85	
BJ0280	72	83	11	0.68	
BJ0280	109	112	3	0.70	
BJ0280	119	122	3	3.36	
BJ0280	127	132	5	0.56	
BJ0280	153	164	11	0.85	

Hole	From	To	Width	Au g/t	Includes
BJ0280	179	182	3	0.63	
BJ0344	12	18	6	1.57	
BJ0344	202	203	1.0	4.94	
BJ0350	68	72	4	1.02	
BJ0350	136	149	13	0.60	
BJ0350	159	188	29	0.73	
BJ0350	249	250	1.0	9.12	
BJ0369	28	31	3	2.31	
BJ0369	68	87	19	0.72	
BJ0369	98	101	3	0.76	
BJ0369	119	123	4	2.06	
BJ0369	149	152	3	0.62	
BJ0369	158	164	6	0.63	
BJ0394	54	60	6	0.94	
BJ0394	67	89	22	0.75	
BJ0394	96	112	16	1.44	2.0m at 8.52 g/t Au from 101m
BJ0394	115	133	18	0.50	
BJ0394	150	156	6	0.96	
BJ0394	167	173	6	0.84	
BJ0396	132	142	10	1.80	3.0m at 2.06 g/t Au from 134m and 1.0m at 8.18 g/t Au from 138m
BJ0396	149	156	7	0.51	