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All Scrip Merger between Auzex Resources Limited and GGG Resources plc

The Directors of Auzex Resources Limited (“**Auzex**” or “**AZX**”) (ASX: AZX) are pleased to announce the signing of a binding Heads of Agreement to combine the Bullabulling Gold Project under a single corporate entity to be named Bullabulling Gold Limited (“**BBG**”) through an all-scrip merger of equals which will be Australian domiciled and listed on the ASX and AIM.

Highlights

- Creation of an advanced exploration / pre development gold-focussed company, Bullabulling Gold Limited, which owns 100% of the Bullabulling Gold project, located 65km south-west of Kalgoorlie, Western Australia
- Merger of equals with Auzex and GGG shareholders owning 50% each of BBG subject to adjustment for cross share holdings and relative cash holdings
- Unified management team with sole focus on the development of Bullabulling
- Listed on the ASX and AIM providing global access to capital markets
- The Merged Entity’s pro-forma diluted market capitalisation post completion is approximately A\$95m¹
- AZX to demerge its non-Bullabulling assets

Transaction Mechanics

- Implementation of two Schemes:
 - GGG will create an Australian registered company called Bullabulling Gold Limited (“BBG”) and go through a UK Scheme of arrangement to exchange each ordinary share, warrant and option in GGG for an equal number of shares, warrants and options in BBG. BBG will seek admission to the Australian Stock Exchange (“ASX”) as its primary listing with a secondary listing on the AIM market in London; and

¹ Based on the closing price on the ASX of GGB of A\$0.31 and 306.3m shares on issue in BGL, pre final adjustment for closing cash balances of Auzex and GGG

- All scrip merger of equals of Auzex and BBG by Scheme of Arrangement with AZX shareholders to be issued new BBG shares for their Auzex shares held.
- Existing Auzex options to be exchanged for equivalent options in BBG on equivalent terms or converted into shares in Auzex prior to Scheme taking effect
- The Directors of BBG will consist of two non-executive directors nominated by AZX and two non-executive directors nominated by GGG. BBG will appoint 3 new independent directors including the Chairman and Managing Director.

Immediately upon execution of the Agreement, AZX and GGG will form a management company (“Opco”), to be owned by AZX and GGG in equal shares. This entity will immediately assume management of the Bullabulling Gold Project to deliver upon the agreed development strategy. The Board of OpCo will initially comprise 3 directors from each of AZX and GGG with Chris Baker and Nigel Clark acting as co-Chairman until a new Chairman is appointed.

Chris Baker, Chairman of Auzex Resources Limited commented

“This transaction delivers an outstanding outcome for all parties, it has been complex to structure and negotiate due to requirements of both parties ensuring the interests of all shareholders was recognised and that they benefited equally from the outcome.”

This merger will provide the opportunity to unlock significant value for both parties and ensure the fast-track development of the Bullabulling Gold project at a critical time in its development.”

Transaction Details

Auzex and GGG have entered into a Binding Heads of Terms (“HOA”) to give effect to the proposed transactions which involve two Schemes of Arrangements that will be undertaken concurrently.

The first of the two steps involves the establishment of BBG in Australia by GGG and the acquisition by BBG of all of the shares in GGG by Scheme of Arrangement under UK Company Law. GGG shareholders will receive fully paid ordinary shares and options/warrants on a one for one basis equivalent to their shareholding/option/warrant holding in GGG.

The GGG Scheme of Arrangement requires court approval of GGG shareholders under Part 26 of the UK Companies Act 2006.

GGG may elect to propose a demerger of its assets and excess cash to a new company. This spin out would be transacted as part of the first step described above.

The second of the two steps involves BBG acquiring AZX by way of Scheme of Arrangement under part 5.1 of the Australian Corporations Act (AZX Scheme) under which all of the fully paid ordinary shares are transferred or cancelled for new shares in BBG that will result in AZX shareholders holding 50% of all BBG shares, subject to any adjustment for shares held by GGG. All AZX options will be cancelled and AZX Option holders will receive equivalent options to acquire BBG shares on the same terms and equivalent exercise price.

It is intended that Auzex will demerge its non-Bullabulling assets prior to the Merger transaction completing and Auzex shareholders will be sent further details in the coming weeks.

The Auzex Scheme of Arrangement requires court approval of Auzex shareholders under section 411 of the Australian Corporations Act.

In the event that GGG has a shareholding in AZX at implementation date the ratio of ownership in BBG will be adjusted to reflect this holding.

In the event that the Auzex shareholding held by GGG is transferred or sold to a third party the final split between Auzex and GGG in the Merged Entity will be 50/50, prior to the final adjustment made prior to completion to reflect the final cash balances for each party.

Transaction Conditions

The transaction is subject to a number of other conditions including:

- receipt of the required regulatory and court approvals;
- no prescribed occurrences (except for a capital raising by Auzex to fund ongoing development expenditure of Bullabulling prior to completion);
- approvals by GGG and Auzex Shareholders;
- the listing of BBG on ASX and AIM; and
- Auzex demerger of non-Bullabulling assets.

The HOA also contains customary deal protection mechanisms, including no shop and no talk provisions, matching and notification rights in the event of a competing proposal and a mutual break fee payable by Auzex or GGG in specified circumstances of \$750,000 with management control revert to the other party.

Timetable and Next steps

Auzex and GGG will finalise a formal merger implementation agreement reflecting the terms of the HOA within 21 days. Other key steps include:

- GGG shareholders will receive a Scheme Booklet that will contain full details of the proposed Scheme (being the transfer of GGG Shareholders shares in GGG to BBG).
- GGG will immediately begin the process of listing BBG on the ASX and AIM.

- Auzex shareholders will receive a Scheme Booklet that will contain full details of the proposed Scheme (being the transfer of AZX Shareholders shares in AZX to BBG).

Advisors

Auzex's financial adviser is BBY and its legal advisers are Thomsons (Australia) and Eversheds (UK).

GGG's legal advisers are Cobbetts (UK) and Steinepreis Paganin (Australia).

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