

20 January 2012

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**ASX RELEASE**

Dear Shareholder

I am writing to you today on behalf of the Board of Directors to update you on the merger proposal announced to the ASX on 29 August 2011 between Auzex Resources Limited (Auzex) and GGG Resources plc (GGG). As detailed in the announcement, Auzex and GGG have entered into an agreement to merge the two companies in order to create a new and exciting exploration / pre-development gold company called Bullabulling Gold Limited.

An interim board has been established to assume day-to-day responsibilities for the development of the Bullabulling Gold project and the merger between Auzex and GGG consisting of 3 members from each Board being:-

<b>Auzex</b>	<b>GGG</b>
Chris Baker	Nigel Clark
John Lawton	Jeff Malaihollo
Greg Partington	Michael Short

### **Benefits of the Merger**

Post the merger, Auzex Shareholders will immediately become part of Bullabulling Gold Limited which will own 100% of the Bullabulling Gold Project and be listed on the ASX and AIM. The consolidation of the Bullabulling Gold project provides the following benefits to Auzex Shareholders:-

- establishment of a unified, locally based management team with the sole focus on the development of the Bullabulling Gold project
- allows the Bullabulling Gold project to be accelerated through feasibility to development
- greater access to global capital markets by being dual listed on ASX and AIM
- cost efficiencies associated with a single corporate entity
- provides a platform to build a significant Australian gold company and attract and retain high quality staff
- retain 100% exposure to the potential upside development of the Bullabulling gold project
- increased scale which should provide additional liquidity and scope for re-rating

### **Bullabulling Gold project**

The Bullabulling gold project has been significantly advanced from where the Auzex/GGG Joint Venture exercised its option to acquire the project in August 2010. The resource base at Bullabulling has been increased from 431,000 ounces to 2,603,000 ounces during this period and I expect the resource to be increased as a result of the Phase 2 drilling program which was completed on 18 December 2011, on time and within budget. Assays are currently being received for the final holes and we expect to be in a position to update the resource in February 2012.

We recently issued a Scoping Study (see ASX announcement 19 December 2011) on the project that reviewed the main parameters of the project and gave the JV substantial confidence to progress to a pre-feasibility study (PFS) and if successful then onto a bankable feasibility study (BFS). The Scoping Study was completed to obtain an initial understanding of the economics (within a plus/minus 30% accuracy) of the project which will then be further refined in the PFS and BFS. The Scoping Study identified a substantial gold project capable of producing approximately 230,000 ounces of gold per annum over a 10 year period. The study also highlighted that there is a significant level of cost improvements that can be made at both operating and capital cost levels that will enhance the economics of the project. Our focus at present is to concentrate on these areas and provide ongoing updates to any improvements in the numbers reported in the Scoping Study announced to the market on 19 December 2011.

### **Recent activities and progress**

- Bullabulling Gold Limited has been incorporated to consolidate 100% interest in the Bullabulling project, and will be ASX listed in March 2012.
- Auzex Demerger has been completed – transfer of Auzex non-Bullabulling assets to a new public unlisted company, Auzex Exploration, has been approved by shareholders
- GGG Scheme meeting approved – GGG will re-domicile to the ASX
- Scoping study completed which has provided Auzex and GGG with the confidence to forge ahead with the development of the Bullabulling Gold project
- Phase 2 drilling has been completed which will complete the data required to update the current gold resource of 2.60 million ounces and provide the basis for the maiden reserve calculation on which the pre-feasibility study (PFS) will be based. The Joint Venture considers there is potential to increase the current resource when the Phase 2 data are incorporated in the resource model, particularly in the Indicated resource category.
- Recently completed detailed air magnetic and seismic surveys have provided high quality data that provide at this early stage, a new understanding of the geological setting of the Bullabulling gold deposit which will lead to the development of new exploration targets at depth and within the region. Detailed results and interpretation of this work will be reported as they become available.
- An executive search is underway for a new independent Chairman and a Managing Director which we hope to update the market on in due course.

### **Next steps and timetable**

The next stage of the merger process is the distribution of the Scheme Booklet to shareholders. A draft version is currently with ASIC and we expect to send this to shareholders on 1 February 2012. The Scheme Booklet to be sent to you will provide a

detailed explanation of the merger proposal and a report from the Independent Expert, BDO Corporate, who will provide an opinion as to whether the merger with GGG is in the best interests of Auzex Shareholders. The shareholder meeting to vote on the merger proposal is proposed for 8 March 2012.

The Board of GGG have also been very busy preparing Bullabulling Gold Limited for an Australian Securities Exchange (ASX) listing and a secondary listing on London's Alternative Investment Market (AIM) which is proposed in early March 2012.

Implementation date for the merger is proposed for 27 March 2012 at which time you will become a shareholder in Bullabulling Gold Limited, an ASX listed gold explorer with a unified management team and 100% of the Bullabulling gold project.

### Key dates

Item	Date
Merger Scheme Booklet sent to Shareholders	30 January 2012
Merger Scheme meeting	8 March 2012
Second Court date to approve merger	15 March 2012
Cash balancing Date	19 March 2102
Merger Effective Date	16 March 2012
Merger Record Date	23 March 2012
Merger Implementation Date	27 March 2012
Dispatch of Holding Statements for BBG Shares	28 March 2012
Auzex Shareholders New BBG Shares expected to trade on ASX	29 March 2012

*The above dates are indicative and subject to change*

Finally, I would like to emphasise that the merger is the realisation of the best outcome for the consolidation of the Bullabulling Gold project and the accelerated development of Bullabulling into a potential mid tier gold asset estimated to produce approximately 230,000 ounces per annum. As an Auzex Shareholder you will retain direct exposure to the development of Bullabulling under this merger while experiencing the benefits of Bullabulling being owned by a single corporate entity with a unified, focused and locally based management team.

Yours Sincerely



Chris Baker  
Chairman