

17 February 2012

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ASX RELEASE

Merger Scheme Booklet

Attached is a copy of the Merger scheme booklet and Proxy Form for Scheme Meeting which will be despatched to shareholders by Wednesday 22 February 2012.

Further information, please contact:

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auzex RESOURCES

LIMITED

ABN 74 106 444 606



SCHEME BOOKLET

MERGER WITH BULLABULLING GOLD LIMITED

In relation to a recommended proposal to merge **Auzex Resources Limited** and **Bullabulling Gold Limited** by a scheme of arrangement.

Your Directors unanimously recommend that you vote in favour of the scheme of arrangement in the absence of a Superior Proposal.

This is an important document and requires your immediate attention. You should read this document in its entirety. If you are in any doubt about how to deal with this document, you should contact your broker, financial advisor or legal advisor immediately.

If you have any questions in relation to this Booklet you can call the Auzex Information Line on 1800 356 563 (for Australian callers) or +61 2 8256 3388 (for international callers) on weekdays between 9.00 am and 5.00 pm (Sydney time).

Financial
Advisor



BBY Limited

Legal Advisor



Independent Expert



BDO Corporate Finance (QLD)

Important Information

Purpose of this Booklet

This Booklet explains the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if the Scheme Conditions are satisfied), and provides such information as is prescribed or otherwise material for Auzex Shareholders when deciding whether or not to vote in favour of the Scheme. This Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act. You should read this Booklet in its entirety before making a decision on whether or not to vote in favour of the Scheme.

Status of this Booklet

This Booklet does not in any way constitute an offer of securities in any place in which, or to any person to whom, it would be unlawful to make such an offer. It is not a prospectus under the Corporations Act. The distribution of this Booklet in certain jurisdictions may be restricted by law. If this Booklet comes into your possession, you should inform yourself about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of such jurisdictions.

ASIC and ASX

A copy of this Booklet has been examined by ASIC pursuant to subsection 411(2)(b) of the Corporations Act and registered by ASIC under subsection 412(6) of the Corporations Act. Auzex has requested ASIC provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

A copy of this Booklet has been lodged with ASX.

Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Booklet.

Court - Important Notice

The fact that under subsection 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved this Booklet and explanatory statement required to accompany the notice of meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how members should vote (on this matter members must reach their own conclusion); or
- (b) has prepared, or is responsible for the content of, the Booklet and explanatory statement.

An order under subsection 411(1) is not an endorsement of, or any other expression of opinion on, the Scheme. The Court is not in any other way responsible for the contents of this Booklet.

Notice to Shareholders Resident in the United States

Neither the Scheme nor the BBG Shares issuable in connection with the Scheme have been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Scheme or upon the adequacy or accuracy of the information contained in this Booklet. Any representation to the contrary is an offence.

The BBG Shares to be issued in connection with the Scheme have not been registered under the United States Securities Act of 1933, as amended (the **US Securities Act**) or any United States state securities laws and, to the extent that registration would otherwise be required under section 5 of the US Securities Act, are being issued in reliance on the exemption from such registration requirements set forth in section 3(a)(10) thereof on the basis of the approval of the Court.

Auzex is established under the laws of Australia. Any solicitation of proxies in connection with the Scheme involves securities of an Australian issuer and is being effected in accordance with Australian corporate and securities Laws. The proxy rules under the United States Securities Exchange Act of 1934, as amended, or similar securities laws of other jurisdictions outside of Australia are not applicable to Auzex or this solicitation. Accordingly, this solicitation is not being effected in accordance with such foreign laws. Auzex Shareholders should be aware that the requirements applicable to Auzex under Australian laws may differ from requirements under corporate and securities laws relating to corporations in other jurisdictions.

The enforcement by Auzex Shareholders of civil liabilities under US securities laws may be affected adversely by the fact that Auzex is a corporation existing and governed under the laws of Australia, and that some or all of its directors, officers and the experts named in this Booklet are not residents of the United States and that all or a substantial portion of their respective assets may be located outside the United States. As a result, it may be difficult or impossible for non-resident Auzex Shareholders to effect service of process outside Australia upon Auzex, its respective officers and directors or the experts named herein, or to realise against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" law of any state within the United States or courts of any other jurisdiction outside of Australia.

No account of personal circumstances

This Booklet does not take into account the investment objectives, financial situation or particular needs of any Auzex Shareholder or any other person. This Booklet should not be relied upon as the sole basis for any investment decision in relation to Auzex Shares, BBG Shares or any other securities. Independent financial and taxation advice should be sought before making any investment decision in relation to Auzex Shares, BBG Shares or any other securities.

Forward Looking Statements

Certain statements in this Booklet relate to the future, including forward looking statements relating to Auzex's and BBG's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Auzex or BBG to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, the risks and considerations described in section 9 of this Booklet. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected.

Other than as required by law, none of Auzex, BBG or GGG, their officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statement in this Booklet will actually occur. You are cautioned to not place undue reliance on those statements.

Subject to any continuing obligations under applicable law or the Listing Rules, Auzex, BBG and GGG expressly disclaim any obligation to give any updates or revisions to any forward looking statements to reflect any change in expectations after the date of this Booklet or any change in events, conditions or circumstances on which any such statement is based.

The forward looking statements in this Booklet reflect views held only immediately before the date of this Booklet.

Privacy and personal information

Auzex and BBG and their respective share registries may collect personal information for the purpose of implementing, and administering the shareholdings arising from, the Scheme.

Shareholders who are individuals, and individuals appointed as proxies, corporate representatives or attorneys in respect of whom personal information is collected may access their personal information by calling the Auzex Information Line.

Interpretation

Capitalised terms and certain abbreviations used in this Booklet are defined in section 14.

Unless otherwise stated, all times and dates referred to in this Booklet are times and dates in Brisbane, Australia. All times and dates are indicative only. All references to currency is in Australian dollars unless otherwise indicated.

Date of this Booklet

This Booklet is dated 17 February 2012.

Further information

If Shareholders have any queries, they should call the Auzex Information Line on 1800 356 563 (within Australia) or +61 2 8256 3388 (outside Australia). Note that calls to the information line may be recorded.

17 February 2012

Dear Auzex Shareholder

It is with great pleasure that I present to you the opportunity to participate in the creation of an exciting new gold developer through the “merger of equals” of Auzex Resources Limited (**Auzex**) and GGG Resources plc (**GGG**).

On 29 August 2011 Auzex and GGG announced a recommended proposal under which Auzex and GGG would combine their respective 50% interests in the Bullabulling Gold Project under the common ownership of a single Australian listed holding company, Bullabulling Gold Limited (**BBG**), through a “merger of equals” of Auzex and GGG (**Merger**).

The Merger is to be implemented through two main steps:

- a UK scheme of arrangement pursuant to which GGG will re-domicile from the United Kingdom to Australia under the ownership of an Australian holding company, BBG (the **GGG Scheme**), which is to be listed on both the Australian Securities Exchange (**ASX**) and the AIM market operated by the London Stock Exchange (**AIM**); and
- an Australian scheme of arrangement pursuant to which Auzex will become a wholly owned subsidiary of BBG and Auzex Shareholders (other than BBG, GGG and their Related Bodies Corporate) will receive New BBG Shares as the Scheme Consideration for their Auzex Shares (the **Scheme**). The number of New BBG Shares to be received by Scheme Shareholders is the number of Auzex Shares they hold multiplied by the Share Scheme Ratio, which will be advised to Auzex Shareholders seven days before the Scheme Meeting.

The principle of a “merger of equals” means that Auzex and GGG will contribute equally to the Merged Group, and Auzex and GGG shareholders will retain their same respective proportionate economic interest in the Bullabulling Gold Project after the Merger, through their shareholding in BBG, as they held before the Merger through their respective shareholdings in Auzex and GGG.

Following completion of the Merger BBG will focus solely on the development of the Bullabulling Gold Project. Key features of BBG will be:

- 100% ownership of the Bullabulling Gold Project;
- JORC Inferred and Indicated mineral resources of approximately 2.60 million ounces of gold (refer to section 5.7 of this Booklet);
- a proven entrepreneurial and operational management team with complementary skill sets, focussed on maximising shareholder value; and
- listed on both ASX and AIM.

BDO Corporate Finance (QLD) Ltd, the Independent Expert engaged by the Auzex board to provide an opinion regarding the Merger, has concluded the Merger is in the best interests of Auzex Shareholders, in the absence of a superior proposal. A copy of the Independent Expert’s Report is attached as Appendix 1.

The directors of Auzex unanimously recommend that you vote in favour of the Auzex Scheme, in the absence of a Superior Proposal, as we believe the Merger will deliver significant value to Auzex Shareholders. Furthermore, each Auzex Director intends to vote the Auzex Shares he holds or controls in favour of the Auzex Scheme.

The reasons for the unanimous recommendation of the Auzex board are set out in this Booklet. In summary, all Auzex Directors believe the Merger will provide Auzex Shareholders with a number of benefits, as BBG will have:

- 100% ownership of the Bullabulling Gold Project, which is expected to unlock value for shareholders of both Auzex and GGG respectively;
- a unified entrepreneurial and experienced management team with the sole focus of the development of the Bullabulling Gold Project and the growth of BBG;
- a platform to build a significant Australian gold company and attract new management; and
- access to global capital markets through its dual listing on the ASX and AIM.

If approved by Auzex Shareholders the Merger will be implemented after, and is conditional upon (among other things):

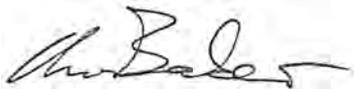
- GGG becoming a wholly owned subsidiary of BBG. This has already been approved by GGG shareholders, but is subject to sanction by the court expected to be granted on 29 February 2012 which is before the date of the Scheme Meeting of Auzex Shareholders to consider the Auzex Scheme.
- Admission of BBG to ASX and AIM, and grant of quotation of BBG Shares on ASX and on AIM.

This Booklet sets out the full details of the Scheme to Merge Auzex and BBG and the steps associated with its implementation.

If you have any questions about the Scheme please contact the Auzex Information Line on 1800 356 563 (for Australian callers) or +61 2 8256 3388 (for international callers) on weekdays between 9.00 am and 5.00 pm (Sydney time).

On behalf of the Auzex Board, thank you for your support of Auzex. Your vote is important and I look forward to seeing you at the Scheme Meeting at 10.00 am on 22 March 2012.

Yours sincerely



Chris Baker

Chairman

Letter from the Chairman of Bullabulling Gold Limited



17 February 2012

Dear Auzex Shareholder

The Board of Directors and management of Bullabulling Gold Limited (**BBG**) are pleased to provide you with the opportunity to participate in the combination of Auzex and BBG, whereby the two companies will merge to unite the ownership of the Bullabulling Gold Project. The combination will be a transformative transaction for both companies and is unanimously supported by BBG's Board of Directors.

BBG is a company incorporated under the laws of Australia which will apply to be listed on the Australian Securities Exchange (**ASX**) and the AIM market operated by the London Stock Exchange (**AIM**). Subject to the GGG Scheme being implemented – it has already been approved by GGG Resources' shareholders – BBG will hold, through its wholly owned subsidiary GGG Resources, a 50% interest in the Bullabulling Gold Project.

The Board of Directors of BBG believes the Merger of BBG and Auzex provide material value to the shareholders of both BBG and Auzex, including:

- the potential of BBG to become a substantial gold producer; and
- the potential to decrease the cost of capital and increase access to global capital markets as a result of the Bullabulling Gold Project being listed on both ASX and AIM under the common ownership of BBG.

Auzex's Board of Directors has announced it unanimously supports the Merger and recommends that you vote in favour of the Auzex Scheme, in the absence of a Superior Proposal. As an Auzex Shareholder, your vote is extremely important to ensure that the Merger is implemented. Therefore, on behalf of the Board of Directors and management of BBG, I encourage you to vote in favour of the Scheme and look forward to you being a part of this new emerging prospective gold producer, Bullabulling Gold Limited.

Yours sincerely

A handwritten signature in black ink, appearing to read "P. Ruxton", is written over a light blue horizontal line.

Dr Peter Antony Ruxton

Chairman

Notice of Court Ordered Scheme Meeting



Notice of Court ordered meeting of Auzex Shareholders

By order of the Supreme Court of Queensland made on 17 February 2012 pursuant to section 411(1) of the Corporations Act, a meeting of Auzex Shareholders other than Bullabulling Gold Limited, GGG Resources plc and their Related Bodies Corporate (**Scheme Shareholders**) will be held at The Medina, 15 Ivory Lane, Brisbane on 22 March 2012 at 10.00 am (Brisbane time).

The Court has directed that Mr Chris Baker act as chairman of the meeting or failing him, Mr John Lawton, and has directed the chairman to report the result of the meeting to the Court.

Information on the Scheme is set out in the Booklet of which this notice forms part.

Business of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Auzex and Auzex Shareholders.

Scheme Resolution

*'That pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the Scheme (namely, the scheme of arrangement proposed between Auzex and Scheme Shareholders, referred to as the **'Scheme'**, as contained in and more particularly described in the Booklet accompanying the notice convening this meeting) is agreed to with or without modification as approved by the Court (terms in this resolution having the same meaning as in the Booklet).'*

Defined Terms

Terms used in this Notice of Scheme Meeting have the same meaning as defined in the Booklet (of which this notice forms part) accompanying this Notice of Scheme Meeting.

Shareholders who are entitled to vote

The Court has determined that the time for determining eligibility to vote at the Scheme Meeting is 6.00pm (Brisbane time) on 20 March 2012. Only those Auzex Shareholders entered on the Auzex Share Register at that time will be entitled to attend and vote at the Scheme Meeting.

Bullabulling Gold Limited, GGG Resources plc and their Related Bodies Corporate are not entitled to vote at the Scheme Meeting.

Voting in person

To vote in person, attend the Scheme Meeting at the time and place set out above in this Notice of Meeting.

Voting by proxy

To vote by proxy, please complete, sign and return the enclosed Scheme Meeting Proxy Form in accordance with the following instructions. If you require an additional proxy form, Auzex will supply it on request.

A member who is entitled to vote at the Scheme Meeting may appoint:

- one proxy if the member is only entitled to one vote; or
- one or two proxies if the member is entitled to more than one vote.

Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

A proxy need not be a member of Auzex.

The proxy form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.

The proxy form (and any power of attorney under which it is signed) must be received by Computershare Investor Services Pty Limited via:

- fax on 1800 783 447 (from within Australia) or +61 3 9473 2555 (from outside Australia); or
- by mail to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001 Australia,

no later than 48 hours before the commencement of the Scheme Meeting, that is by no later than 10.00 am Brisbane time on 20 March 2012. Any proxy form received after that time will not be valid for the scheduled meeting.

Voting by attorney

A member may appoint an attorney to act on the member's behalf at the meeting. The power of attorney or such other evidence of the attorney's appointment and authority to the satisfaction of the Directors must be received by Auzex at least 48 hours before the time for holding of the meeting or any adjourned meeting that is by no later than 10.00 am Brisbane time on 20 March 2012.

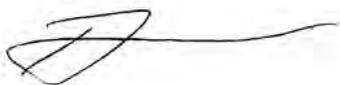
Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this meeting is passed by the Requisite Majority and the other Scheme Conditions to the Scheme are satisfied, Auzex intends to apply to the Court on 27 March 2012 for approval of the Scheme.

Enquiries

For further information, please contact the Auzex Information Line on 1800 356 563 from within Australia or +61 2 8256 3388 from outside Australia, between 9.00am and 5.00 pm Sydney time.

By order of the Board



Paul Frederiks

Company Secretary

Dated 17 February 2012

Important Dates

The key dates for the proposed Scheme Meeting of Auzex's Shareholders and the Second Court Hearing to approve the Scheme are summarised below. The first Court hearing to convene the Scheme Meeting has already been held.

EVENT	DATE
Date for determining the Cash Balancing Adjustment Amount, Cash Balancing Subscription Price and Share Scheme Ratio	14 March 2012
Time and date by which the Scheme Meeting Proxy Form must be received to be valid for the Scheme Meeting	10.00 am Brisbane time on 20 March 2012
Time and date for determining eligibility to vote at the Scheme Meeting	6.00 pm Brisbane time on 20 March 2012
Scheme Meeting	10.00 am Brisbane time on 22 March 2012
If the Scheme is approved by the Requisite Majority of Scheme Shareholders and the Scheme Conditions are satisfied or waived, the expected timetable for implementation of the Scheme is:	
Second Court Hearing for approval of the Scheme	27 March 2012
Effective Date: Scheme takes effect and last day of trading of Auzex shares on ASX	28 March 2012
Auzex Shares suspended from quotation on ASX	9.00 am (Sydney time) 29 March 2012
Date of Cash Balancing Adjustment	29 March 2012
Record Date: Time and date for determining entitlement to the Scheme Consideration	6.00 pm Brisbane time on 5 April 2012
Implementation Date: Transfer of Auzex Shares from Scheme Shareholders to BBG pursuant to the Scheme and issue of Scheme Consideration	11 April 2012
Dispatch of holding statements for BBG Shares to Eligible Shareholders	12 April 2012
Termination of official quotation of Auzex on ASX	12 April 2012
Commencement of quotation of New BBG Shares on ASX	16 April 2012

The timetable and dates above (and the references to these dates throughout this Booklet) are indicative only and, among other things, are subject to all necessary approvals. Auzex can vary these times and dates without directly notifying Auzex Shareholders. Changes to the timetable will however be announced through the ASX and notified on Auzex's website at www.auzex.com.

All times and dates referred to in this Booklet are times and dates in Brisbane, Australia, unless otherwise indicated.

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1.1 What is the proposal?

On 29 August 2011 Auzex Resources Limited (**Auzex**) and GGG Resources plc (**GGG**) announced a proposed Merger to consolidate the ownership of the Bullabulling Gold Project under the single ownership of Bullabulling Gold Limited (**BBG**), an Australian company to be listed on ASX and AIM. The Merger is to be implemented through a scheme of arrangement between Auzex and Auzex Shareholders (other than GGG and its Related Bodies Corporate).

A scheme of arrangement is a Court-supervised process under which the shareholders of Auzex will have the opportunity to vote for or against the proposed Merger.

If the Scheme is approved by Scheme Shareholders and the Court, and the Scheme Conditions are satisfied:

- BBG will acquire all of the Auzex Shares (other than those already held by BBG or GGG or their Related Bodies Corporate) in exchange for the Scheme Consideration in the form of New BBG Shares;
- all Auzex Options, all of which are held by the five Auzex Directors and two staff members, will be cancelled in exchange for BBG Options; and
- Auzex will become a wholly owned subsidiary of BBG.

OVERVIEW, SCHEME MEETING DETAILS AND HOW TO VOTE

The number of New BBG Shares each Scheme Shareholder will be entitled to as the Scheme Consideration is the number of Auzex Shares they hold on the Record Date, multiplied by the Share Scheme Ratio. This will ensure that Scheme Shareholders will have the same proportionate economic interest in the Bullabulling Gold Project after the Merger, through a shareholding in BBG, as they hold before the Merger through their shareholding in Auzex.

The number of BBG Shares Scheme Shareholders will receive as Scheme Consideration is not known at the date of this Booklet, because the Share Scheme Ratio depends on how many Auzex Shares GGG will receive pursuant to the Cash Balancing Adjustment. Further details on the Cash Balancing Adjustment are contained in Section 11.2.1.

The Share Scheme Ratio will however be fixed and announced on ASX and sent to Auzex Shareholders 7 days before the date of the Scheme Meeting, so that Scheme Shareholders will know the number of New BBG Shares they will receive as Scheme Consideration before voting on the Scheme.

If the Scheme is not approved the Merger will not occur and Auzex will continue as a stand-alone entity.

1.2 What is this document?

This document (**Booklet**) contains information about the proposed Merger. It also provides you, as an Auzex Shareholder, with information to consider before voting on the resolution to approve the Scheme at the Scheme Meeting scheduled to be held at 10.00 am (Brisbane time) on 22 March 2012.

1.3 What are the conditions to the Merger?

The Scheme to implement the proposed Merger is subject to the satisfaction of the Scheme Conditions, including:

- the GGG Scheme becoming effective so that GGG becomes a wholly owned subsidiary of BBG (the GGG Scheme was approved by GGG shareholders at meetings in London on 9 January 2012);
- BBG becoming listed on ASX and AIM; and
- the Scheme being approved by the Requisite Majority of Scheme Shareholders and by the Court.

1.4 The Scheme in the best interests of Auzex Shareholders

The Auzex Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme.

The Independent Expert has concluded that, on balance, the advantages of the Merger outweigh the disadvantages of the Merger and that the Merger is in the best interests of Auzex Shareholders. A copy of the Independent Expert's Report is attached as Appendix 1.

1.5 Your vote is important

For the Scheme to be implemented, it is necessary that the Requisite Majority of Scheme Shareholders vote in favour of passing the resolution to approve the Scheme at the Scheme Meeting.

The Scheme Meeting will be held at The Medina, 15 Ivory Lane, Brisbane at 10.00 am (Brisbane time) on 22 March 2012.

1.6 Approval requirements - Requisite Majority

To pass the resolution approving the Scheme, votes in favour of the Scheme must be cast at the Scheme Meeting by:

- more than 50% of Scheme Shareholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- at least 75% of the total number of votes cast by Scheme Shareholders entitled to vote on that resolution.

Overview, Scheme Meeting Details and How to Vote.

Voting at the Scheme Meeting will be by poll rather than by show of hands. The Notice of Scheme Meeting is set out in pages 4 and 5 of this Booklet.

Excluded Shareholders (being BBG, GGG and their Related Bodies Corporate) will not vote on the Scheme.

1.7 Entitlement to vote

Auzex Shareholders (other than Excluded Shareholders) who are registered on the Auzex Share Register at 6.00 pm Brisbane time on 20 March 2012 may attend and vote at the Scheme Meeting.

Registrable transfers or transmission applications received after that time will be disregarded in determining entitlements to vote at the Scheme Meeting.

1.8 What you should do next:

Step 1: Read this Booklet in full

You should read and carefully consider the information included in this Booklet to help you make an informed decision in relation to your Auzex Shares and on how to vote in relation to the Scheme. If you have any doubt as to what action you should take, you should promptly consult your financial, legal, taxation or other professional adviser.

Step 2: Vote on the Scheme

As an Auzex Shareholder, it is your right to vote on whether the Scheme should be approved, and therefore whether the Merger should proceed. You should note that the Scheme is subject to the Scheme Conditions. Even if the Scheme is approved at the Scheme Meeting, it is possible that the Merger will not proceed if the other Scheme Conditions have not been satisfied.

1.9 Scheme Meeting

Auzex Shareholders (other than Excluded Shareholders) as at 6.00 pm Brisbane time on 20 March 2012 are entitled to vote on the Scheme. You can vote:

- in person by attending the Scheme Meeting to be held at 10.00 am (Brisbane time) on 22 March 2012 at The Medina, 15 Ivory Lane, Brisbane;
- by proxy using the enclosed Proxy Form;
- by attorney; or
- by corporate representative (if the Auzex Shareholder is a company).

If you wish to vote FOR the Scheme by proxy you should place an 'X' in the 'FOR' box on the Proxy Form. You must return your Form by 10.00 am on 20 March 2012 to ensure it is valid.

You can do this by using the enclosed reply paid envelope or by faxing the form to the Auzex Share Registry on fax number 1800 783 447 from within Australia or +61 3 9473 2555 from outside Australia.

1.10 Address for return of voting forms

Auzex Shareholders should mail or fax their proxy form or power of attorney to Computershare Investor Services Pty Limited (Auzex's Share Registry) at the following address or fax number:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne Victoria 3001 AUSTRALIA
Fax: 1800 783 447 (from within Australia) or +61 3 9473 2555 (from outside Australia)

no later than 48 hours before the commencement of the Scheme Meeting, that is by no later than 10.00 am (Brisbane time) on 20 March 2012. Any proxy form received after that time will not be valid for the meeting.

1.11 For further information

If you have any questions after reading this Booklet, please call the Auzex Information Line on 1800 356 563 from within Australia or +61 2 8256 3388 from outside Australia, between 9.00 am and 5.00 pm (Sydney time).

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KEY REASONS TO VOTE FOR THE SCHEME

This section summarises the key reasons why the Auzex Directors recommend that Scheme Shareholders **vote in favour of the Scheme**.

This section should be read in conjunction with section 9, which describes the disadvantages and risks associated with the Scheme, the implications if the Merger does not proceed, and risk factors associated with an investment in BBG Shares that will result from the Merger.

- 1 **Creation of an advanced exploration / pre-development focused gold company, Bullabulling Gold Limited, which will own 100% of the Bullabulling Gold Project**
- 2 **Unified management team with sole focus on the development of the Bullabulling Gold Project**
- 3 **Allows the Bullabulling Gold Project to be accelerated through feasibility to development**
- 4 **Provides a platform to build a significant Australian gold company**
- 5 **Listed on ASX and AIM providing greater access to global capital markets and access to growth opportunities otherwise unlikely to be available to Auzex as a stand-alone company**
- 6 **Potential cost savings from synergies by combining Auzex and GGG**
- 7 **There is no alternative proposal to the Merger**
- 8 **The Independent Expert has concluded that the Merger is in the best interests of Auzex Shareholders**
- 9 **Auzex Shareholders who are Australian residents for taxation purposes and receive BBG Shares should generally be able to obtain CGT scrip-for-scrip roll-over relief on any capital gains**
- 10 **The Merger is unanimously recommended by the Auzex Directors as being in the best interests of Auzex Shareholders in the absence of a Superior Proposal**
- 11 **The Merger has the unanimous support of the Bullabulling Gold Board**

Key reasons to vote for the Scheme.

1 Creation of an advanced exploration / pre-development focused gold company, Bullabulling Gold Limited, which will own 100% of the Bullabulling Gold Project

The Merger will consolidate the ownership of the Bullabulling Gold Project into a single corporate group which will focus on the development of the Bullabulling Gold Project. It will enable Auzex Shareholders to participate in a 100% owned development-focussed gold company with annual production which should average 230,000 ounces per annum. Bullabulling Gold Limited will have enhanced scale and increased market presence which are unlikely to otherwise be available to Auzex as a stand-alone entity.

BBG's greater scale and scope are also expected to increase access to additional sources of capital in the equity and debt markets over time. BBG will have a stronger balance sheet and greater financial capacity relative to Auzex as a stand-alone entity

BBG will have a JORC Indicated and Inferred mineral resource base of approximately 2.60 million ounces of gold with exploration potential both laterally and at depth.

2 Unified management team with sole focus on the development of the Bullabulling Gold Project

The Merger of Auzex and BBG will create a unified experienced and focussed management team, with complementary skills and experience, to manage the development and operations of the Bullabulling Gold Project into the future.

BBG will combine two experienced management teams with complementary skill sets into one unified management team with the sole focus on the development of the Bullabulling Gold Project.

Future decision making will be made by the new BBG Board and operating management rather than by each of the separate Boards of Auzex and GGG as is the case now.

As agreed in the Merger Implementation Agreement, BBG has commenced a search for a new chairman and managing director which is expected to add additional skills and experience to the BBG Board.

The search for an additional non-executive director of BBG has also commenced.

3 Allows the Bullabulling Gold Project to be accelerated through feasibility to development

BBG's strategy will be to fast track the development of the Bullabulling Gold Project.

The Merger will facilitate the better utilisation of the expertise of Auzex and GGG and streamline the decision making processes necessary for the Project's development.

Following the successful completion of the Merger, BBG will be better positioned to advance the development of the Bullabulling Gold Project in a timely and efficient manner.

In particular, the Merger will enable an improvement in the efficiency and timeliness in the development of the Bullabulling Gold Project to maximise shareholder value by accelerating exploration and development of the Project.

The centralisation of BBG's management team to Perth, Australia should also enable an accelerated timetable, with decisions being made in real time.

4 Provides a platform to build a significant Australian gold company

From a management perspective, the Merger provides:

- the opportunity for the management to leverage off its skills base and BBG's financial strength to add significant value by:-
 - accelerating the exploration program at Bullabulling Gold Project;
 - fast-tracking development of the Project; and
 - consolidating additional development opportunities;
- skills to better liaise with financiers for funding for the development of the Bullabulling Gold Project;
- a platform to better utilize Auzex's and GGG's existing management experience and industry relationships to identify further value adding opportunities; and
- growth and development opportunities to help attract and retain highly skilled staff.

Key reasons to vote for the Scheme.

5 Listing on ASX and AIM providing greater access to global capital markets

BBG has applied to be listed on both the ASX and AIM. This dual listing is expected to provide increased market capitalisation, greater liquidity of issued securities and increased exposure and access to capital markets and potential investors, providing BBG with greater financial capacity and therefore an improved ability to capitalise on its significant growth opportunities not otherwise available to Auzex as a stand-alone entity.

It is anticipated that significant project funding will be required in the future to bring the Bullabulling Gold Project into full production. Project financing is expected to be sourced from both equity and debt markets.

In addition:

- Auzex Shareholders may benefit as shareholders in BBG from enhanced analyst research coverage as a result of the Merger. This diverse coverage by research analysts should help to ensure that BBG is more highly visible among the investment community.
- BBG will have a more diverse shareholder base which will be majority owned by Australian and UK investors, including a highly recognisable institutional register including Baker Steel, BlackRock, Colonial First State, CQS Funds Management, Henderson Global, Phoenix Gold Fund, JPMF, JP Morgan Asset Management, SG Hiscock and Resource Capital Funds.

6 There are potential cost savings from synergies by combining Auzex and GGG

Combining Auzex and GGG will create cost savings through the elimination of duplicated roles and improved efficiencies by rationalising future decision-making processes in relation to the Bullabulling Gold Project.

Functions such as company secretarial and financial management functions will be centralised to ensure that support services to the Bullabulling Gold Project are provided in an efficient and timely manner.

Additional cost savings and efficiencies are also likely to result from having a technical base in Western Australia focused on managing the development and operations of the Bullabulling Gold Project.

7 There is no alternative proposal to the Merger

GGG announced its intention to make an off-market takeover offer for Auzex on 14 March 2011. There has not been any competing proposal to the Merger of Auzex and GGG since that time. Auzex is not aware of any alternative proposals to the proposed Merger to consolidate ownership of the Bullabulling Gold Project.

8 The Independent Expert has concluded that the Merger is in the best interests of Auzex Shareholders

BDO Corporate Finance (QLD) Ltd was commissioned by the Auzex Board as the Independent Expert to assess the merits of the Scheme and the Merger.

Having regard to the Bullabulling Gold Project's upside potential, and notwithstanding the risks associated with the Bullabulling Gold Project's development, the Independent Expert has concluded that, on balance, the advantages of the Merger outweigh the disadvantages of the Merger and that the Merger is in the best interests of Auzex Shareholders.

The Independent Expert notes however that the uncertainty associated with the Cash Balancing Adjustment, which uncertainty is increased by the relatively short five day period for measurement of the VWAP of Auzex Shares for purposes of the Cash Balancing Adjustment, is a disadvantage associated with the Merger.

This disadvantage is ameliorated by the determination of the Cash Balancing Amount and Cash Balancing Subscription Price eight days before the Scheme Meeting, so that Scheme Shareholders will know with certainty the Share Scheme Ratio, and hence will know the number of New BBG Shares they will receive as Scheme Consideration, before voting on the Scheme.

Refer to section 11.2 of this Booklet for discussion of the Cash Balancing Adjustment.

A copy of Independent Expert's Report is attached as Appendix 1. Auzex Shareholders should read the Independent Expert's Report carefully and in its entirety, and should have regard to the disadvantages of the Merger as set out in that report.

Key reasons to vote for the Scheme.

9 Auzex Shareholders who are Australian residents for taxation purposes and receive BBG Shares should generally be able to obtain CGT scrip-for-scrip roll-over relief on any capital gains

Generally, CGT roll-over relief should enable Australian tax resident Auzex Shareholders who receive New BBG Shares under the Scheme to elect to defer any CGT liability they would otherwise incur on any gains on the disposal of their Auzex Shares under the Scheme until the time they dispose of those New BBG Shares. Refer to section 12 for further details on certain Australian taxation considerations for Auzex Shareholders, including the availability of CGT roll-over relief.

The Auzex Directors recommend that Auzex Shareholders consider obtaining their own taxation advice that will take into account their own personal circumstances.

10 The Merger is unanimously recommended by the Auzex Directors as being in the best interests of Auzex Shareholders in the absence of a Superior Proposal

The Auzex Directors believe that the Merger is in the best interests of Auzex Shareholders and unanimously recommend that Auzex Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The Auzex Directors have formed their conclusion and made their recommendation based on, among other things, the matters outlined in this section 2 and the disadvantages and key risk factors outlined in sections 9.3 and 9.4 of this Booklet.

The Auzex Directors believe that the Merger terms, which provide for a “merger of equals” with Auzex and GGG contributing equally to the Merged Group and Auzex and GGG shareholders retaining their respective proportionate economic interests in the Bullabulling Gold Project (having regard to GGG’s shareholding in Auzex including as a result of the Cash Balancing Adjustment), result in a fair and equitable outcome consistent with recent market valuations of Auzex and GGG.

Each Auzex Director who holds Auzex Shares, or on whose behalf Auzex Shares are held, intends to vote those Auzex Shares in favour of the Scheme, in the absence of a Superior Proposal.

11 The Merger has the unanimous support of the Bullabulling Gold Limited Board

The Merger is also unanimously supported by the BBG board.



3

FREQUENTLY ASKED QUESTIONS

This section answers some frequently asked questions about the Scheme and the Merger. It is not intended to address all issues relevant to Auzex Shareholders. This section should be read together with all other parts of this Booklet.

What is the Merger?

On 29 August 2011 Auzex and GGG jointly announced the intention to merge by each becoming wholly owned subsidiaries of Bullabulling Gold Limited, a new Australian company to be listed on ASX and AIM.

The Merger will be implemented by way of a scheme of arrangement between Auzex and Auzex Scheme Shareholders. The Merger is designed as a “merger of equals”, with Auzex and GGG contributing equally to the Merged Group and Auzex and GGG shareholders retaining their respective proportionate economic interests in the Bullabulling Gold Project. Auzex Shareholders other than GGG will however collectively hold less than 50% of the Merged Group as a result of GGG’s shareholding in Auzex, including as a result of the Cash Balancing Adjustment.

Further information: Sections 8 and 11.2.2

What is a scheme of arrangement?

A scheme of arrangement is a statutory procedure commonly used to enable one company to merge with another. The Scheme is the mechanism by which Auzex and BBG may merge by BBG acquiring all of the shares of Auzex, and requires the approval of Scheme Shareholders by the Requisite Majority, and by the Court.

Further information: Section 4

What is the Scheme?

The Scheme is a scheme of arrangement between Auzex and Scheme Shareholders to effect the merger of Auzex and BBG through the acquisition by BBG of all of the issued Auzex Shares (other than those already indirectly held by BBG through its ownership of GGG) in exchange for the issue of the Scheme Consideration in the form of New BBG Shares. If the Scheme proceeds, Auzex will be delisted from ASX and become a wholly owned subsidiary of BBG. The Scheme is conditional upon (among other things):

- GGG becoming a wholly owned subsidiary of BBG; and
- BBG being listed on ASX and AIM.

Further information: Section 4

Who is entitled to participate in the Scheme?

Auzex Shareholders (other than BBG, GGG and their Related Bodies Corporate) on the Auzex Share Register as at 6.00 pm on the Record Date are entitled to participate in the Scheme. If the Scheme is approved and implemented, Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive New BBG Shares as their Scheme Consideration.

Frequently asked questions.

Who is an Ineligible Foreign Shareholder for the purposes of the Scheme?

What do they receive under the Scheme?

A Scheme Shareholder will be an Ineligible Foreign Shareholder for the purposes of the Scheme if their address as shown in the Auzex Share Register at 6.00 pm on the Record Date is a place outside Australia and its external territories, New Zealand, the United States and the United Kingdom unless BBG is satisfied, acting reasonably, that the laws of that Scheme Shareholder's country of residence (as shown in the Auzex Share Register) permit the issue and allotment of New BBG Shares to that Scheme Shareholder, either unconditionally or after compliance with conditions which BBG in its sole discretion regards as acceptable.

Ineligible Foreign Shareholders will not be issued BBG Shares under the Scheme. Instead, the New BBG Shares that they would otherwise have been entitled to have issued to them under the Scheme (had they not been ineligible) will be issued to the Sale Agent to sell on market following implementation of the Scheme. All such New BBG Shares will be sold by the Sale Agent as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date. There is no guarantee of the amount of cash that Ineligible Foreign Shareholders will receive from the sale of the New BBG Shares. This will depend on the prices that can be achieved by the Sale Agent, and applicable brokerage, stamp duty and other selling costs, taxes and charges. See section 4.12 for more information, including the process by which the Sale Agent will sell the New BBG Shares and distribute the net Cash Proceeds.

Further information: Sections 4.12

What is the effect of the Scheme?

The Merger is proposed to be implemented by way of the Scheme.

Subject to the qualifications referred to below, all Scheme Shareholders will receive the Scheme Consideration, whether or not they voted for or against the Scheme, once the Scheme has become Effective.

Ineligible Foreign Shareholders will not receive BBG Shares under the Scheme, but will instead receive a pro rata share of the net Cash Proceeds (in Australian dollars) from the sale by the Sale Agent of the New BBG Shares attributable to Ineligible Foreign Shareholders.

Upon completion of the Scheme, Auzex will become a wholly owned subsidiary of BBG and be delisted from ASX. Auzex Shareholders will retain their proportionate economic interest in the Bullabulling Gold Project after the Merger through their shareholding in BBG. Auzex Shareholders other than GGG will however collectively hold less than 50% of the Merged Group as a result of GGG's shareholding in Auzex, including that obtained by GGG pursuant to the Cash Balancing Adjustment. Refer to section B.3.4 of Appendix B to the Independent Expert's Report for projections of the shareholding of Scheme Shareholders in BBG after the Merger. The Share Scheme Ratio will determine the number of New BBG Shares Scheme Shareholders will receive for each Auzex Share they hold on the Record Date. The Share Scheme Ratio will be fixed and published on ASX and sent to Auzex Shareholders 7 days before the Scheme Meeting, so that Scheme Shareholders will know the number of New BBG Shares they will receive as Scheme Consideration before voting on the Scheme.

Further information: Sections 4 and 11.2.2

Frequently asked questions.

What are the Scheme Conditions?

The Scheme will become Effective only if, among other things:

- GGG becomes a wholly owned subsidiary of BBG pursuant to the GGG Scheme (this has already been approved by GGG's shareholders, but remains subject to approval by the court);
- BBG is listed on ASX and AIM; and
- the Scheme is approved by the Requisite Majority of Auzex Shareholders and by the Court.

Further information: Section 4.9

What are the reasons to vote in favour of the Scheme?

The Auzex Directors believe that the Scheme is in the best interests of Auzex Shareholders. The benefits of the Merger include:

- Unification of the ownership of the Bullabulling Gold Project under the single ownership of BBG to create an advanced exploration / pre-development gold-focused company.
- Unified management team with sole focus on the development of the Bullabulling Gold Project.
- Allows the Bullabulling Gold Project to be accelerated through feasibility.
- Listed on both ASX and AIM, providing greater access to global capital markets and so providing access to growth opportunities otherwise unlikely to be available to Auzex as a stand-alone company.

Further information: Section 2

What are the key risks of the Merger Scheme?

The risks associated with the Scheme include:

- The uncertainty associated with the Cash Balancing Adjustment, which uncertainty is increased by the relatively short five day period for measurement of the VWAP of Auzex Shares for purposes of the Cash Balancing Adjustment. Refer to section 11.2 of this Booklet for discussion of the Cash Balancing Adjustment. Details of the Cash Balancing Adjustment, and the Share Scheme Ratio, will however be fixed and published on ASX and sent to Auzex Shareholders seven days before the Scheme Meeting, so that Scheme Shareholders will know with certainty the number of New BBG Shares they will receive as Scheme Consideration before voting on the Scheme.
- Those general risks associated with an investment in a listed company.
- Specific risks associated with an investment in an minerals exploration company.
- Specific risks associated with an investment in BBG, including exposure to the gold price, the risks of development costs, environmental and approval risks.
- Merger related risks, including transaction costs and those risks associated with the integration of Auzex and BBG including staff retention, financing and implementation of the Merger.

Further information: Section 9

Frequently asked questions.

What is the Cash Balancing Adjustment?

The Merger is to be a “merger of equals”, with Auzex and GGG each contributing equal assets to the Merged Group. GGG will however have more cash (and cash equivalents) on hand when the Scheme becomes Effective. Accordingly, shortly before the Record Date for the Scheme, there will be a Cash Balancing Adjustment to ensure that Auzex and GGG have materially the same Net Cash Assets when the Scheme is implemented.

Note that the Cash Balancing Adjustment is conditional on the Scheme being approved by the Requisite Majorities of Scheme Shareholders and by the Court at the Second Court Date, and the Scheme being Effective. If the Scheme is not approved or does not become Effective the Cash Balancing Adjustment will not occur and the Merger will not proceed.

This is to be achieved by GGG using its excess cash holdings to subscribe the Cash Balancing Amount for Auzex Shares for the Cash Balancing Subscription Price, being an issue price equal to a 10% discount to the five (5) day VWAP of Auzex Shares on ASX ending on the date that is eight (8) days before the Scheme Meeting. The value of shares in AEL issued to GGG pursuant to the Demerger will be treated as cash held by GGG in determining the Cash Balancing Amount.

GGG currently holds 10,266,667 Auzex shares totalling approximately 7.31% of Auzex’s issued shares, which it will retain after the proposed Merger, along with Auzex Shares acquired as part of the Cash Balancing Adjustment. GGG’s shareholding in Auzex will be taken into account in determining the Share Scheme Ratio, which in turn determines the number of New BBG Shares to be issued as the Scheme Consideration to Auzex Shareholders other than GGG and its Related Bodies Corporate. The Share Scheme Ratio will be fixed and announced on ASX and sent to Auzex Shareholders seven days before the Scheme Meeting.

Further information: Section 11.2.1

What is the Scheme Consideration?

If you are an Eligible Scheme Shareholder (i.e. not an Ineligible Foreign Shareholder), you will receive the Scheme Consideration in the form of New BBG Shares.

The Scheme Consideration to which each Scheme Shareholder will be entitled is the number of Auzex Shares held by the Scheme Shareholder on the Record Date multiplied by the Share Scheme Ratio, which will be fixed and published on ASX and sent to Auzex Shareholders seven days before the Scheme Meeting.

BBG, GGG and their Related Bodies Corporate will not receive any of the Scheme Consideration for the Auzex Shares they hold.

Further information: Section 10.2

How is the Scheme Consideration calculated?

Under the Scheme, Auzex Shareholders (other than GGG) will receive New BBG Shares resulting in those persons retaining the same proportionate economic interest in the Bullabulling Gold Project as they held immediately before the Scheme takes effect.

For example, ignoring for the moment GGG’s shareholding in Auzex, if an Auzex Shareholder (other than GGG) held Auzex shares totalling (say) 8% of Auzex’s issued share capital as at the Record Date of the Scheme (representing an indirect interest of 4% in the Bullabulling Gold Project), that Auzex Shareholder would, following implementation of the Scheme, hold BBG shares totalling 4% of BBG’s issued share capital after the Merger.

GGG will however not receive any of the Scheme Consideration. Accordingly, the total number of New BBG Shares to be issued to Auzex Shareholders other than GGG will be adjusted to allow for the fact GGG

Frequently asked questions.

will not receive any New BBG Shares, but will retain its substantial shareholding in Auzex (which will include any Auzex Shares acquired as part of the Cash Balancing Adjustment).

For example, if GGG holds 10% of Auzex's Shares as at the Record Date (which equates to a 5% shareholding in BBG after the Merger), Auzex Shareholders (other than GGG) will together be issued New BBG Shares totalling 45% of BBG's issued Shares after the Merger. As a result, existing BBG Shareholders would be adjusted such that together they hold 55% of BBG's issued Shares after the Merger.

The number of New BBG Shares to be issued to each Auzex Shareholder as the Scheme Consideration is the number of Auzex Shares they held on the Record Date, multiplied by the Share Scheme Ratio. The Share Scheme Ratio is to be determined on the date that is eight days before the Scheme Meeting pursuant to the formula contained in section 10.2, and in the schedule to the Scheme attached as Appendix 2 to this Booklet. The Share Scheme Ratio will be fixed and announced on ASX and sent to Auzex Shareholders seven days before the Scheme Meeting.

Further information: Sections 10.2 and 11.2.2

Is BBG bound to provide the Scheme Consideration?

Yes. Under the Deed Poll, BBG undertakes in favour of each Scheme Shareholder to, among other things, provide the Scheme Consideration in accordance with the terms of the Scheme (subject to the Scheme becoming Effective).

Under the Scheme, the Scheme Shareholders appoint Auzex and its directors, officers and secretaries (jointly and severally) as their agent and attorney to enforce the Deed Poll against BBG on their behalf.

What happens if the Merger Scheme is approved?

If the resolution to approve the Scheme is passed by the Requisite Majority of Scheme Shareholders at the Scheme Meeting Auzex will apply to the Court at the Second Court Hearing on the Second Court Date for orders approving the Scheme.

At the Second Court Hearing each of Auzex, BBG and GGG will provide a certificate to the Court confirming whether the Scheme Conditions (other than the condition relating to Court approval and the Cash Balancing Adjustment) have been satisfied or (if applicable) waived in accordance with the Merger Implementation Agreement.

What happens if the Scheme is not approved?

If the Scheme is not approved by the Requisite Majority or the Court, or the Scheme Conditions are not satisfied or waived:

- **Auzex will remain a stand-alone entity:** the Merger will not occur and Auzex will remain listed on ASX and will continue to run its business in the same manner as it is currently operating. Auzex Shareholders will therefore continue to be exposed to the risks and benefits of owning Auzex Shares, including the risks set out in section 6.13.
- **Merger costs will be borne by Auzex:** transaction costs of approximately \$800,000 will be borne by Auzex, which will impact Auzex's financial position. Pursuant to the MIA GGG must pay Auzex's additional costs in relation to the Scheme, up to a maximum of \$250,000, with the precise amount to be agreed by Mr Nigel Clark for GGG and Mr Chris Baker for Auzex.

Frequently asked questions.

Auzex may also become obliged to pay GGG a break fee under the terms of the MIA if an Auzex Director changes their recommendation that Scheme Shareholders approve the Scheme, or Auzex breaches the MIA in a manner permitting GGG to terminate it.

Further information: Section 9.5(d)

What do Auzex's Directors recommend?

The Auzex Directors unanimously recommend that, in the absence of a Superior Proposal, Scheme Shareholders vote in favour of the Scheme.

Each Auzex Director who has a Relevant Interest in Auzex Shares and in respect of which they also have a power to vote intends to vote in favour of the Scheme, in the absence of a Superior Proposal.

Further information: Section 4.7

What is the Independent Expert's opinion on the Merger?

The Independent Expert has concluded that, on balance, the advantages of the Merger outweigh the disadvantages of the Merger and that the Merger is in the best interests of Auzex Shareholders.

The Independent Expert's Report is attached as Appendix 1 and you should read it in full.

Further information: Appendix 1

What is BBG's strategy for the development of the Bullabulling Gold Project?

BBG's objective will be to become a successful mid-tier Australian gold producer. All Auzex Directors believe that the key to unlocking the full potential of the Bullabulling Gold Project is by combining the right mix of both exploration and operational skills which Auzex and GGG currently have at both Board and management level.

The strategic objective is to take the Bullabulling Gold Project through to completion of a bankable feasibility study and development and production within an estimated three year timeframe. BBG will continue the implementation of an exploration, feasibility and development program in line with this strategic objective.

Further information: Section 8.3

When and where will the Scheme Meeting be held?

The Scheme Meeting will be held on 22 March 2012 at
The Medina, 15 Ivory Lane, Brisbane,
commencing at 10.00 am.

Who is entitled to vote?

Scheme Shareholders who are recorded as members on the Auzex Share Register as at 6.00pm Brisbane time on 20 March 2012 are entitled to vote at the Scheme Meeting.

How will the Auzex Directors vote?

Each Auzex Director intends to vote any Auzex Shares in which they hold a Relevant Interest and in respect of which they also have the power to vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

Further information: Section 4.7

Frequently asked questions.

What voting majority is required for Auzex Shareholders to approve the Scheme?

For the Scheme to be approved by Auzex Shareholders, votes in favour of the Scheme must be received from:

- a majority in number (more than 50%) of Scheme Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Scheme Shareholders, by corporate representative); and
- Scheme Shareholders who together hold at least 75% of the total number of votes cast on the resolution.

Further information: Section 11.7

Will I be bound by the Scheme if I do not vote or if I vote against the Scheme?

Yes, if the Scheme is approved and becomes Effective, then any Auzex Shares held by you at 6.00 pm on the Record Date will be transferred to BBG and you will receive the Scheme Consideration, notwithstanding that you did not vote, or that you voted against the Scheme.

When will I be issued the Scheme Consideration?

If the Scheme becomes Effective, the Scheme Consideration (being New BBG Shares) will be issued on the Implementation Date, which is expected to be 11 April 2012.

What are the taxation implications of the Merger?

The tax consequences can vary depending on the Auzex Shareholder's particular circumstances. The general comments below are provided as a guide only and do not amount to tax advice. Each Auzex Shareholder should consult their own tax adviser for tax advice in relation to the implications of participating in the Scheme.

- Generally, Australian resident Scheme Shareholders should be eligible for CGT roll-over relief which, if elected, will enable them to defer any CGT liability in respect of any gains on the disposal of Auzex Shares until the New BBG Shares are sold.
- Any gains made by non-Australian resident Scheme Shareholders will generally not be subject to CGT provided their shareholding is less than 10% of the total Auzex Shares on issue.

Further information: Section 12

What other information is available?

If you have any questions in relation to this Booklet you can call the Auzex Information Line on 1800 356 563 (for Australian callers) or +61 2 8256 3388 (for international callers) on weekdays between 9.00 am and 5.00 pm (Sydney time).

If you are in any doubt about how to deal with this document, you should contact your broker, financial advisor or legal advisor immediately.

4

4.1 Background

(a) Agreement to unify ownership of the Bullabulling Gold Project

Auzex and GGG each own 50% of the Bullabulling Gold Project, which they operate as an unincorporated joint venture.

On 29 August 2011 Auzex and GGG announced their intention to merge in order to consolidate the ownership of the Bullabulling Gold Project. Under the Merger Implementation Agreement dated 17 September 2011 (MIA), Auzex and GGG agreed to the Merger that will result in the Bullabulling Gold Project being held under the control of a single Australian incorporated company listed on both ASX and AIM.



THE MERGER AND THE SCHEME

In particular, pursuant to the MIA Auzex and GGG agreed to merge through the creation of an Australian incorporated company, Bullabulling Gold Limited (**BBG**) which will:

- hold, indirectly through its ownership of Auzex and GGG, 100% of the Bullabulling Gold Project;
- be owned by Auzex shareholders and GGG Shareholders through a “merger of equals”, pursuant to which Auzex and GGG will contribute equally to the Merged Group and Auzex and GGG shareholders will retain their respective proportionate economic interests in the Bullabulling Gold Project taking into account GGG’s shareholding in Auzex at the time of the Merger including as a result of the Cash Balancing Adjustment; and
- be listed on both ASX and AIM.

Auzex and GGG are seeking to implement this Merger by each proposing schemes of arrangement pursuant to which:

- pursuant to the GGG Scheme, GGG will become a wholly-owned subsidiary of BBG, an Australian company to be dual listed on ASX and AIM; and
- subsequently Auzex will also become a wholly owned subsidiary of BBG pursuant to the Scheme that is the subject of this Booklet.

(b) The GGG Scheme

On 9 January 2012 GGG’s shareholders approved a scheme of arrangement under Part 26 of the UK Companies Act 2006 pursuant to which:

- all of GGG’s shares (other than an A Ordinary Share in GGG already held by BBG) will be cancelled by way of a reduction of capital and GGG Shares issued to BBG pursuant to a capitalisation of the resulting reserve; and
- GGG’s shareholders will receive ordinary shares in BBG on a one-for-one basis equivalent to their shareholdings in GGG.

The BBG Shares to be issued to GGG shareholders will be fully paid and rank equally with BBG’s other issued fully paid ordinary shares from their date of issue. An application has been made to the ASX for quotation of the BBG Shares on ASX and to AIM for admission to trading of the BBG Shares.

(c) The Auzex Scheme

Auzex has implemented the Demerger to spin off its non-Bullabulling assets (including the shares it held in GGG) by transferring those assets to Auzex Exploration Limited (**AEL**) and distributing the AEL shares to Auzex Shareholders.

Pursuant to this Booklet, Auzex is proposing to implement the Merger pursuant to a scheme of arrangement between Auzex and Auzex Shareholders.

A scheme of arrangement is a statutory Court supervised procedure that is commonly used to enable one company to merge with another. It is an arrangement between a company and its shareholders.

The Scheme is conditional on, among other things, the GGG Scheme taking effect and BBG being listed on ASX and AIM, and so will not proceed unless those and the other Scheme Conditions are satisfied or, where possible, waived. If the Merger is implemented, BBG will become the parent company of both Auzex and GGG, and so will control a 100% interest in the Bullabulling Gold Project.

4.2 Profile of BBG after completion of the Merger

If the Scheme is Effective according to its terms, BBG will hold 100% of the Bullabulling Gold Project.

Further details of the structure of BBG after completion of the Merger are set out in section 8 of this Booklet.

The Merger and the Scheme.

4.3 Terms of the Merger Implementation Agreement

The Merger Implementation Agreement (**MIA**) sets out each of Auzex's and GGG's rights and obligations in connection with the implementation of the Merger.

Certain key terms of the MIA are discussed in section 11.3 of this Booklet, including terms in relation to the Scheme Conditions, the Sunset Date, Auzex's and GGG's obligations to deal with each other on an exclusive basis, break fees and termination rights.

4.4 Pre-Merger Cash Balancing Adjustment

The Merger is intended to be a "merger of equals", with each of Auzex and GGG contributing equally to the Merged Group.

GGG will however have more cash (and cash equivalents, including AEL shares) on hand when the Auzex Scheme is Effective.

Accordingly, after the Effective Date but before the Record Date for the Auzex Scheme there will be a Cash Balancing Adjustment to ensure that Auzex and GGG have materially the same Net Cash Assets when the Scheme is implemented on the Implementation Date (noting that GGG's Net Cash Assets are deemed to include GGG's holding of shares in Auzex Exploration Limited having an agreed value of \$800,000, based on the Demerger capital reduction amount). This is to be achieved by GGG using its excess cash holdings to subscribe for Auzex Shares for an issue price equal to a 10% discount to the five (5) day VWAP of Auzex Shares on ASX ending on the date that is eight days before the date of the Scheme Meeting (the Cash Balancing Subscription Price).

Determining the Cash Balancing Amount and Cash Balancing Subscription Price before the Scheme Meeting will allow the Share Scheme Ratio, and so the Scheme Consideration, to be known to Scheme Shareholders with certainty when they vote on the Scheme at the Scheme Meeting.

As at the date of this Booklet GGG holds 10,266,667 Auzex Shares representing approximately 7.31% of Auzex's Shares, which it will retain after the Merger along with Auzex Shares acquired as part of the Cash Balancing Adjustment.

Note that the Cash Balancing Adjustment will not occur, and the Merger will not proceed, if the Scheme is not approved by the Requisite Majorities of Scheme Shareholders and by the Court at the Second Court Hearing, or if for any other reason the Scheme does not become Effective.

Pursuant to the Merger Implementation Agreement between the date that is eight days before the Scheme Meeting and the Implementation Date Auzex and GGG:

- must not issue any shares or convertible securities other than pursuant to the Cash Balancing Adjustment; and
- must not incur expenditure other than as forecast in anticipating the Cash Balancing Amount as at the Effective Date.

4.5 The Scheme

If the Scheme is approved by the Requisite Majority of Scheme Shareholders and the Court and becomes Effective, all Auzex Shares outstanding at 6.00 pm on the Record Date, and not already owned by BBG or GGG or their Related Bodies Corporate, will be transferred to BBG.

See Appendix 2 for a copy of the Scheme.

Implementation of the Scheme is subject to the Scheme Conditions being satisfied, including the condition that the Scheme may be implemented only if the Requisite Majority of Scheme Shareholders vote in favour of the Scheme at the Scheme Meeting. The Scheme Meeting at which Scheme Shareholders may vote for the Scheme will be held at The Medina, 15 Ivory Lane, Brisbane on 22 March 2012 at 10.00 am.

BBG, GGG and their Related Bodies Corporate will not vote on the Scheme.

A Summary of the Scheme Conditions is provided in section 4.9, and a summary of the steps necessary to implement the Scheme is provided in section 11.

The Merger and the Scheme.

4.6 Scheme Consideration

Under the Scheme Auzex Shareholders (other than GGG and its Related Bodies Corporate) are to receive New BBG Shares resulting in those persons retaining the same proportionate economic interest in the Bullabulling Gold Project as they hold immediately before the Record Date, having regard to GGG's shareholding in Auzex.

For example, ignoring for the moment GGG's shareholding in Auzex, if an Auzex Shareholder held Auzex Shares totalling 8% of Auzex's issued share capital as at the Record Date of the Scheme (representing an indirect interest of 4% in the Bullabulling Gold Project), that Auzex Shareholder would, following implementation of the Merger, hold BBG Shares totalling 4% of BBG's issued share capital after the Merger.

The total number of New BBG Shares to be issued to all Scheme Shareholders will however be adjusted to allow for the fact that GGG will not receive any Scheme Consideration, but will retain its substantial shareholding in Auzex, including Auzex Shares acquired as part of the Cash Balancing Adjustment. The number of New BBG Shares to be issued to each Scheme Shareholder as the Scheme Consideration is the number of Auzex Shares they hold on the Record Date multiplied by the Share Scheme Ratio. The Share Scheme Ratio is determined by a formula contained in section 10.2, which takes into account GGG's shareholding in Auzex having regard to the fact that GGG will not receive any of the Scheme Consideration notwithstanding that GGG is an Auzex Shareholder.

Where a Scheme Shareholder is an Ineligible Foreign Shareholder, the number of New BBG Shares to which that Scheme Shareholder would otherwise be entitled will be allotted to the Sale Agent who will sell those New BBG Shares as soon as practicable (at the risk of the Ineligible Foreign Shareholder) and pay the Cash Proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Ineligible Foreign Shareholder in full satisfaction of that Ineligible Foreign Shareholder's rights to any Scheme Consideration under the Scheme.

4.7 Unanimous recommendation of the Auzex Directors

The Auzex Directors unanimously recommend that, in the absence of a Superior Proposal, Auzex Shareholders vote in favour of the Scheme at the Scheme Meeting.

The Auzex Directors believe that the reasons for Auzex Shareholders to vote in favour of the Scheme outweigh the potential disadvantages and reasons to vote against the Scheme. In the absence of a Superior Proposal, each Auzex Director intends to vote in favour of the Scheme any Auzex Shares in which they have a Relevant Interest and in respect of which they have power to vote.

In making their recommendation and determining how to vote on the Scheme, the Auzex Directors have considered:

- (a) the advantages and disadvantages of the Scheme, as set out in sections 2 and 9 of this Booklet;
- (b) the implications of the Scheme (and Merger) not being approved, as summarised in section 9.5(d);
- (c) the opinion of the Independent Expert contained in the Independent Expert's Report (refer to section 2 and Appendix 1), that the Merger is in the best interests of Auzex Shareholders; and
- (d) the alternatives to the Scheme that are available to Auzex.

4.8 Independent Expert's Conclusion

Auzex commissioned BDO Corporate Finance (QLD) Ltd as the Independent Expert to prepare a report on whether or not the Scheme is in the best interests of Auzex Shareholders.

The Independent Expert has concluded that, on balance, the advantages of the Merger outweigh the disadvantages of the Merger and that the Merger is in the best interests of Auzex Shareholders.

The Independent Expert's Report is attached to this Booklet as Appendix 1. You should read the Independent Expert's Report in full.

The Merger and the Scheme.

4.9 Scheme Conditions

Under the Merger Implementation Agreement, Auzex and GGG agreed that the Merger will not be implemented until the following conditions have been fulfilled or waived:

- (a) **(Regulatory Approvals)** all Regulatory Approvals for the Scheme are obtained;
- (b) **(no Prescribed Occurrence)** except for a capital raising by Auzex or GGG (provided any raising does not prejudice the Merger and any convertible securities issued are converted prior to 8.00 am (EST) on the date of the Second Court Hearing) or as otherwise agreed by Auzex and GGG, no Prescribed Occurrence affecting Auzex, GGG or BBG occurs except as envisaged by the Merger Implementation Agreement;
- (c) **(Scheme Shareholder approval)** Scheme Shareholders approve the Auzex Scheme by the Requisite Majority required by section 411(4)(a)(ii) of the Corporations Act;
- (d) **(Court orders)** the Court makes orders under section 411(4)(b) of the Corporations Act at the Second Court Hearing approving the Scheme;
- (e) **(listing of BBG)** admission of BBG to ASX and AIM, and grant of quotation of BBG Shares on ASX and AIM;
- (f) **(approval of GGG Scheme)** GGG Shareholder and court approvals for the GGG Scheme;
- (g) **(GGG Scheme becomes Effective)** the GGG Scheme becomes Effective;
- (h) **(Auzex Scheme becomes Effective)** the Auzex Scheme becomes Effective by the Sunset Date;
- (i) **(quotation of BBG Shares)** approval for the quotation on ASX and quotation of depository interests of BBG on AIM of the New BBG Shares to be issued under the Auzex Scheme on terms and conditions acceptable to Auzex, acting reasonably;
- (j) **(no Material Adverse Change)** there being no Material Adverse Change affecting GGG, Auzex or BBG;
- (k) **(Cash Balancing Adjustment)** the Cash Balancing Adjustment is implemented after the Effective Date and before the Record Date; and
- (l) **(MIA not terminated)** the MIA is not terminated in accordance with its terms before 8.00am on the Second Court Date.

The Scheme is also conditional on the statutory requirements for approval of the Scheme, being:

- the Scheme has been approved at the Scheme Meeting by the requisite majority of Auzex Shareholders in accordance with section 411(4)(a) of the Corporations Act;
- the Court has approved the Scheme under section 411(4)(b) of the Corporations Act with or without modification;
- such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to BBG and Auzex have been satisfied; and
- the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme.

4.10 Scheme Shareholder deemed warranties

Pursuant to clause 8.3(a) of the Scheme, the Scheme Shareholders are deemed to have warranted to BBG, that:

- (a) all their Auzex Shares (including any rights and entitlements attaching to those shares) which are transferred to BBG under the Scheme will, at the date of the transfer to BBG, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and to transfer their Auzex Shares, together with any rights attaching to such shares.

The Merger and the Scheme.

4.11 Taxation consequences of the Merger Scheme

A general guide to the Australian taxation consequences of the Scheme for Scheme Shareholders is set out in section 12 of this Booklet.

The guide in section 12 is not intended to, and does not, provide specific advice in respect of the individual tax consequences of the Scheme for any Scheme Shareholder. Auzex recommends that all Scheme Shareholders obtain their own independent, professional tax advice before determining how to vote on the Scheme.

4.12 Ineligible Foreign Shareholders

BBG is not obliged to issue, and will not issue, any Scheme Consideration in the form of New BBG Shares to any Ineligible Foreign Shareholder.

The New BBG Shares that would have been issued to Ineligible Foreign Shareholders will be issued to the Sale Agent on the Implementation Date. BBG will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent:

- (a) sells on ASX or AIM all of the New BBG Shares issued to the Sale Agent in relation to Ineligible Foreign Shareholders in such manner, at such price and on such other terms as the Sale Agent determines in good faith and at the risk of Ineligible Foreign Shareholders; and
- (b) promptly after the last such sale, the Sale Agent will pay to each Ineligible Foreign Shareholder their proportion of the Cash Proceeds (after deducting any applicable brokerage, stamp duty and other taxes and charges) calculated on an average basis so that all Ineligible Foreign Shareholders receive the same price per New BBG Share, subject to rounding, in full and final satisfaction of that Ineligible Foreign Holder's rights to Scheme Consideration under the Scheme.

The Sale Agent will pay the relevant proportion of the Cash Proceeds to each Ineligible Foreign Shareholder in accordance with any current notification made by each such Ineligible Foreign Shareholder for the payment of any Auzex dividends by deposit to a nominated bank account or, where there is no such current notification, by sending, or procuring the despatch to each such Ineligible Foreign Shareholder by prepaid post to the registered address of the Ineligible Foreign Shareholder at 6.00 pm on the Record Date, a cheque in the name of that Ineligible Foreign Shareholder for the relevant amount (denominated in Australian dollars).

Pursuant to clause 6.9(f) of the Scheme, Ineligible Foreign Shareholders appoint Auzex as their agent to receive on their behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Shareholders under the Corporations Act. Copies of any document Auzex receives from the Sale Agent as agent for the Ineligible Foreign Shareholders can be obtained by contacting Auzex's company secretary.

Auzex, BBG and the Sale Agent give no assurance as to the price that will be achieved for the sale of New BBG Shares as described above. The proportionate share of Cash Proceeds that Ineligible Foreign Shareholders will receive may be more or less than the market value of New BBG Shares that would otherwise have been issued to that Ineligible Foreign Shareholder at the date of receipt of payment.

5

5.1 Introduction

This section provides a profile of the Bullabulling Gold Project which, subject to the completion of this Scheme and the Merger, will be 100% owned by Bullabulling Gold Limited. The Bullabulling Gold Project will be the Merged Group's flagship project which it believes has the potential for exploration and production for a minimum of 15 years.

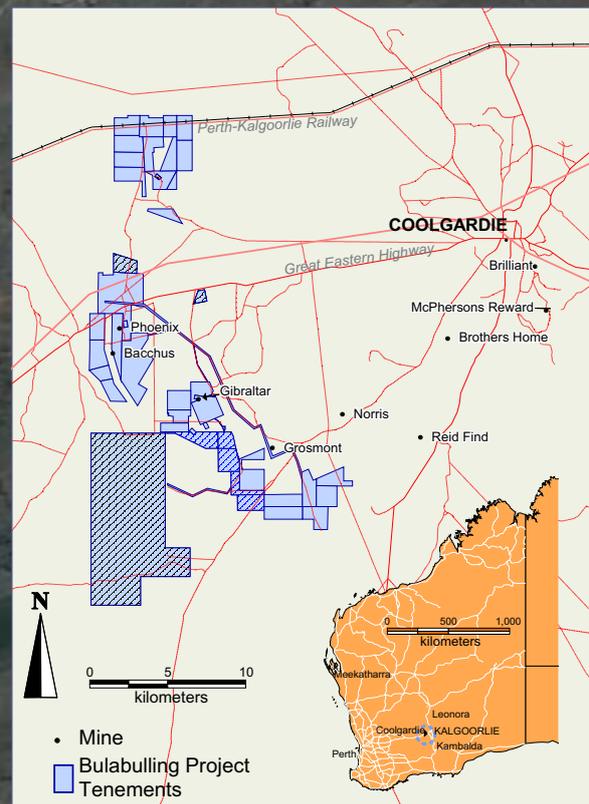


Figure 5.1. Location map of the Bullabulling Gold Project

PROFILE OF THE BULLABULLING GOLD PROJECT

5.2 Location of the Bullabulling Gold Project

The Bullabulling Gold Project is located approximately 60 kilometres south west of Kalgoorlie and 27 kilometres west of Coolgardie in the highly prospective Eastern Goldfields of Western Australia. The Eastern Goldfields has been a prominent gold mining district, ever since the discovery of gold in the region in the 1890s. The Bullabulling Gold Project includes a number of tenements which include granted mining leases, prospecting licences and exploration permits covering an area of 13,100 hectares in aggregate, as shown below.

5.3 Tenure

The mineral properties at the Bullabulling Gold Project comprise a total of 51 tenements (and tenement applications) covering an area of approximately 13,100 hectares, comprising 6 granted Mining Leases (MLs), 2 granted Exploration Licences (ELs), 31 granted prospecting Licences (PLs), 5 PL applications and 7 granted Miscellaneous Licences. Auzex and GGG currently each have a 50% interest in the mineral properties.

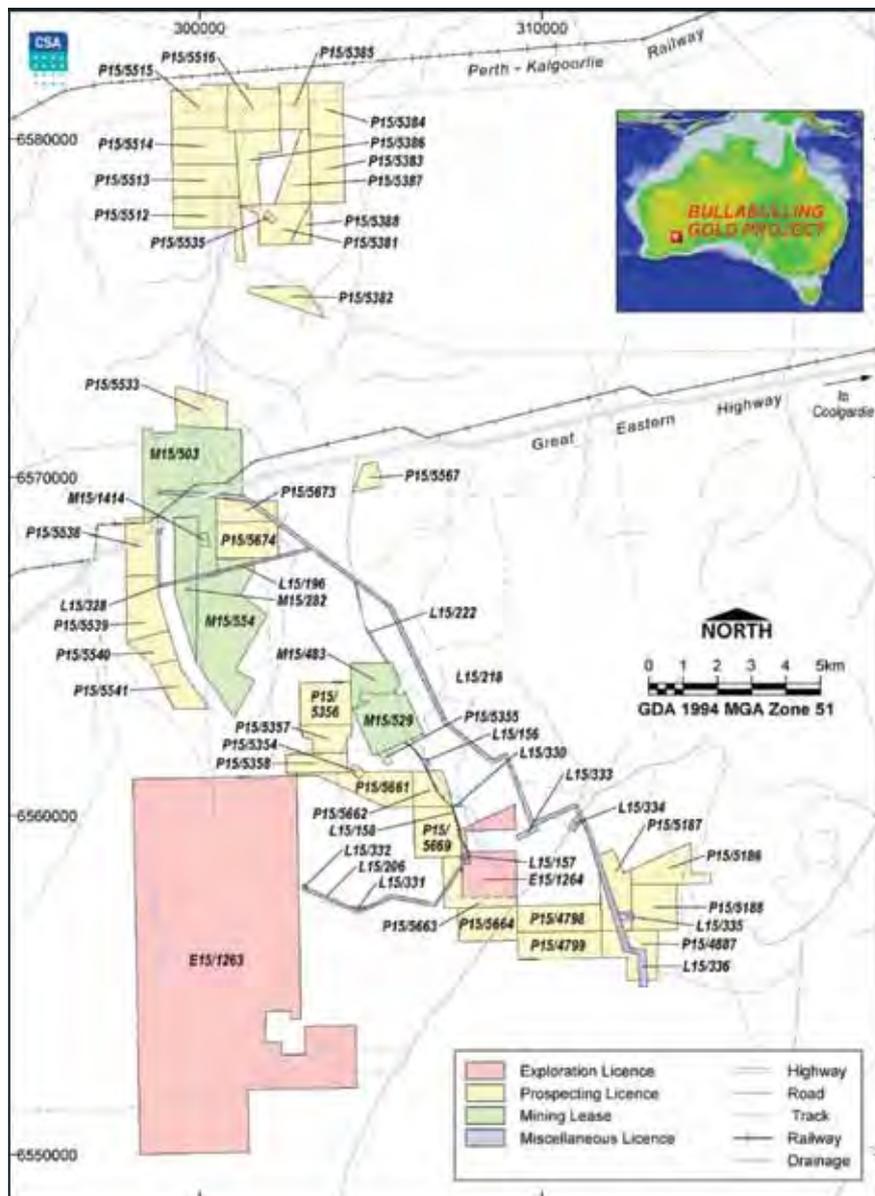


Figure 5.2. Tenement, Prospect and Deposit Location for the Bullabulling Gold Project

Profile of the Bullabulling Gold Project.

5.4 Previous Operations

Bullabulling was operated by Resolute Mining Ltd (ASX:RSG) during the 1990s when gold production totalled approximately 371,000 ounces from 7.9 million tonnes grading 1.45g/t gold. Mining was from nine shallow pits (maximum depth 80m) over a 12 kilometre portion of the regionally extensive (and up to 800 metres wide) Bullabulling Trend which is intimately associated with the mineralisation. Production was from predominantly surface laterite and shallow supergene ore as well as primary (fresh) mineralisation. In 2002, Resolute sold the project to Jervois Mining Ltd (ASX:JRV), which operated a small dump leach operation on the site until Auzex completed a sale and purchase agreement, whereby all the project tenements, plant and equipment were acquired, by the Bullabulling Joint Venture (Auzex 50%, GGG 50%) in August 2010.

5.5 Geology and Mineralisation

The Bullabulling Gold Project is located in the middle of the Coolgardie Domain of the Kalgoorlie Terrane in the Yilgarn Craton in Western Australia. The Coolgardie Domain is bounded by the Zuleika Shear and the Ida Fault to the east and west respectively and contains a greenstone sequence consisting of basalt, ultramafic, felsic volcanic and sedimentary units intruded by voluminous granites. Gold deposits in the region appear to be clustered around a number of late granite intrusions, with the gold deposits that comprise the Bullabulling gold camp clustered around the south western corner of the Bali Monzogranite. The deposits lie along a trend that broadly follows the margin of the intrusion, called the Bullabulling Trend. The main regional scale structures in the Coolgardie Domain are, in addition to the bounding structures already mentioned are a NW-striking high strain zone named the Kuranalling Shear Zone that passes through middle of the domain, the Bullabulling shear zone that trends north-south through the domain and numerous folds with either north west or west-striking axial planes. In addition to these are a series of thrusts that repeat the basalt-ultramafic stratigraphy.

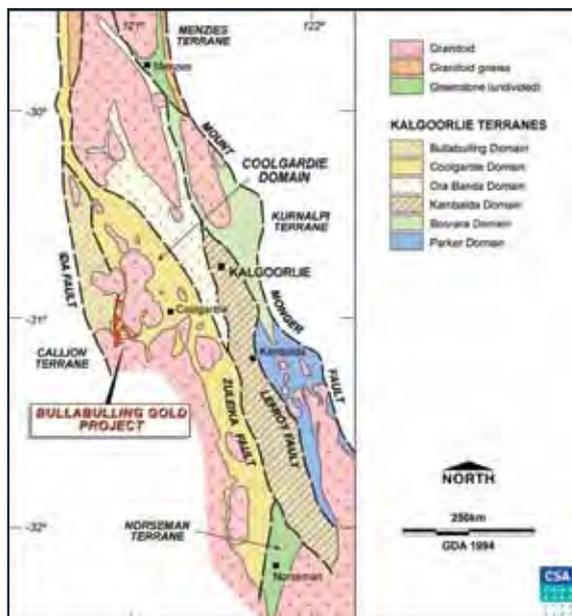


Figure 5.3. Location of the Bullabulling Gold Project within the Eastern Goldfields Kalgoorlie Terrane

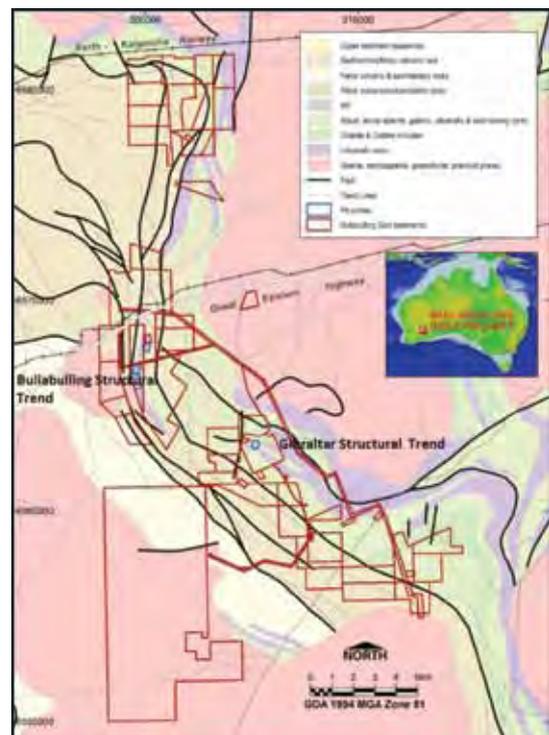


Figure 5.4. Simplified Geology of the Bullabulling Gold Project area

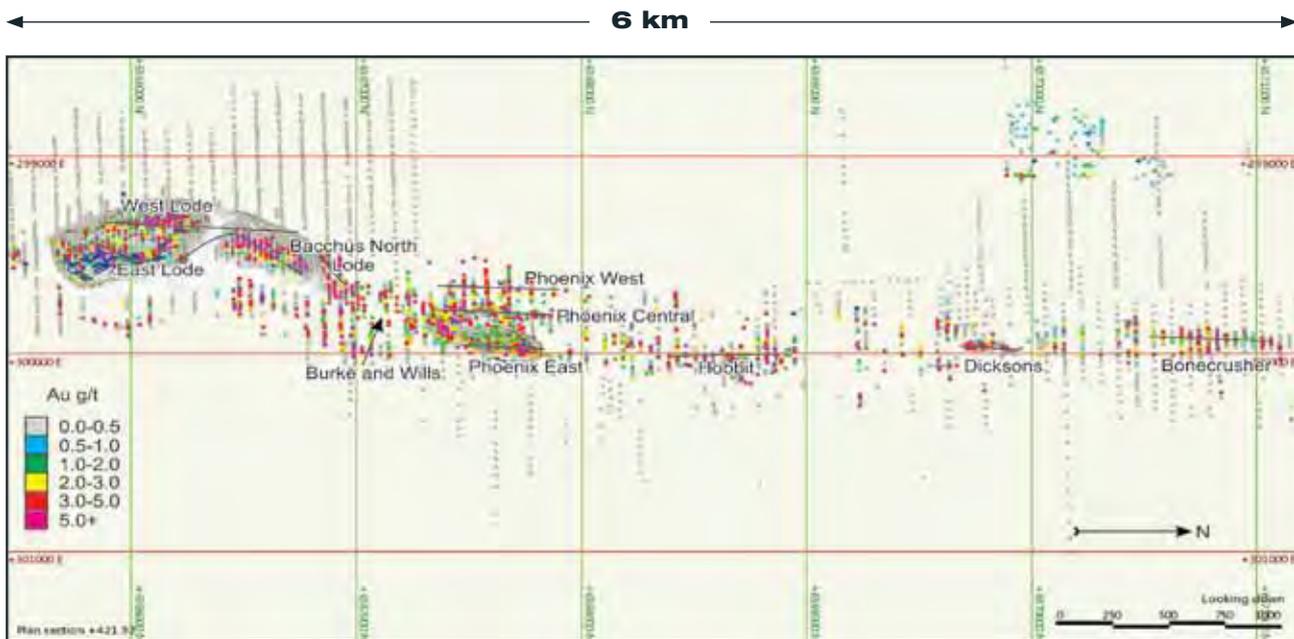
Profile of the Bullabulling Gold Project.

The Bullabulling Gold Project is a large tonnage, low grade deposit associated with the regional Bullabulling Trend, which extends over tens of kilometres. Bullabulling contains nine gold resources along a 12 kilometres mineralised zone that remains open to the south and at depth where recent high grades have been intersected. The mineralised structure is up to 800 metres wide, consisting of multiple west dipping low grade stacked zones with narrower higher grade gold mineralisation. The extent of gold deposits is clearly illustrated by the soil geochemistry, from which two distinct trends can be defined: one is north-south and the other east-west. Most gold has been mined in open pits mainly from the north striking segment but there is one mine, the Gibraltar mine, on the northernmost end of one of the east-striking trends. The gold mineralisation occurs as a combination of primary structurally controlled deposits hosted by deformed and altered greenstone units and supergene deposits in weathered greenstone and laterite at Bullabulling.

The Bullabulling Trend extends approximately 6 kilometres from the Bacchus South pit, in the south, north to the Bonecrusher laterite pit. Structural studies on the deposit have confirmed that gold mineralisation can be traced continuously, through 40m spaced drilling sections, along the entire 6 kilometres Bullabulling Trend, which remains open to the south and at depth. The gold deposit along the Bullabulling trend comprises a shallow (sub horizontal) west-dipping enveloping surface with steeper west-, north west- and southwest-dipping internal lodes. In detail the lodes anastomose around more competent units forming small to large scale boudins and spatially associated with prospect scale folds.

The extent of the Bullabulling Shear Zone and location of historical open pit workings is shown in Figure 5.4 at left.

Figure 5.5. Gold mineralisation associated with the 6km long Bullabulling Trend



It is believed the Gold mineralisation formed during the folding of a stack of sub horizontal high strain zones by west-block-down shearing along the north-striking vertical Bullabulling shear zone during late east-west shortening. Fluid flow and resultant metasomatism and alteration was localised within reactivated late high strain zones that are recognised by their rotational effects on the early horizontal fabric.

Profile of the Bullabulling Gold Project.



Figure 5.6. Bullabulling mining centre looking north along the Bullabulling trend with the Bacchus South, Bacchus North and Phoenix pits

5.6 Current and Planned Drilling Program

The Phase One drilling program, totalling approximately 35,000 metres primarily for QAQC (confirmation drilling), was completed in May 2011. Through a planned program of twinning and infilling of previous drill holes, the historic drill data has been confirmed as being statistically valid for use in resource estimation work. Statistical studies on defining the drill spacing for Indicated and Inferred resources were also completed and the recommended drill spacing for defining future Indicated resources has been set at 75 metres north-south and 35 metres east-west.

A Phase Two drilling program of 74,000 metres was then planned to infill the historic and Phase one drilling to increase the confidence in the resources to at least Indicated category. This drilling program was focused on the 6 kilometres portion of the Bullabulling Trend where previous operations were concentrated. The infill drilling program was completed in December 2011 and will be followed by a resource update during the first quarter of 2012.

Assays from the infill drilling continue to confirm the resource estimate and geological model and of the 315 holes with assays returned only seven have not intersected mineralisation. As in the historic holes, there are generally at least 4 intersections per drill hole relating to the multiple stacked lodes defined by the structural mapping. The results from the drilling are correlating well with the new resource model, with approximately 60% of the intersections to date are better than estimated by the model, 33% are similar to the model and only 7% are worse or missing as predicted by the new model. New mineralisation continues to be intersected to the east of the Bacchus pit.

The location of Phase One QAQC¹ and Phase Two infill drilling in the main resource areas (red filled drill collars are completed holes) are shown above right.

A representative cross section of the recent drilling at the Bacchus North deposit is shown below right.

¹QAQC means Quality Assurance and Quality Control and represents drilling undertaken to confirm QAQC procedures and reconcile historical drilling with a view to improving the confidence in the historical assays and allow this data to be incorporated into the current resource model and future exploration drilling programs.

Profile of the Bullabulling Gold Project.



Figure 5.7. Drill location plan showing potential optimised pit outlines for the various resource target areas along the Bullabulling structural trend (red filled drill collars are completed holes).

A representative cross section of the recent drilling at Bacchus North deposit is shown below.

Drill Cross Section at Bacchus North

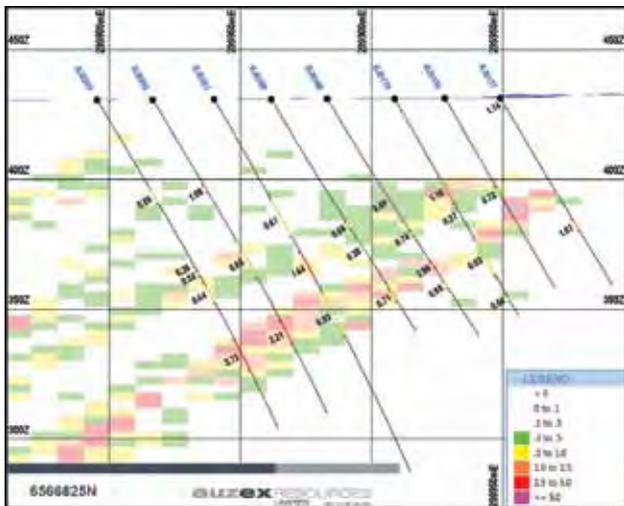


Figure 5.8. Drill Cross Section at Bacchus North



Figure 5.9. Recent drilling by the BBJV with selected significant intersections

Profile of the Bullabulling Gold Project.

5.7 Mineral Resources Overview

The updated resource estimate for the Bullabulling Project, including the new QAQC drilling, was completed in August 2011 by the Snowden Group. The estimation used assays from all the historic reverse circulation (RC) and diamond drill hole data, but excluded the RAB drilling data (previously included in the August 2010 resource estimate completed by CSA Global), over a 9 kilometres² area covering the Bullabulling Trend. Multiple Indicator Kriging (MIK) was used to establish the resource estimate, after the data was unfolded, using Datamine and GSLIB software. Variography carried out on the unfolded data provided ranges of up to 208m along strike and 108m down dip. These ranges were then used to design the primary search ellipse dimensions used in the modelling, which were 50m along strike, 25m down dip and 15m across strike. The variography reconciles well with the orientations of mineralised shoots derived from structural mapping. Recent studies on processing cost and mining cost estimations suggest a 0.5 g/t Au cut off is appropriate for this project at current gold prices and this, and future resource estimates, will be quoted at this cut off.

The current reported JORC compliant mineral resource (as at August 2011) is 78.8 million tonnes at 1.03g/t Au (or approximately 2.60 million ounces of contained gold) at a 0.5g/t Au cut off to a nominal average depth of 275m RL, approximately 160m below surface. Of this total, 691,000 ounces of gold are classified as Indicated, with the remainder being classified as Inferred resources. This a significant increase in resources from when the Bullabulling Joint Venture acquired the project, which was a total of 9.31 million tonnes at 1.44 g/t Au for 432,000 ounces of gold at a 0.7 g/t Au cut off.

The resource estimate was reviewed statistically, checked on plan and section and compared against the ore that was previously mined from the Bacchus North and South pits. The reconciliation against the ore mined was good with 3,679,000 tonnes at 1.39 g/t Au predicted by the estimate compared to 3,040,000 at 1.59 g/t Au reported as mined. The difference in tonnes and grade is largely due to the different block sizes used for mining compared to the resource estimate, with the larger block size used for the estimate resulting in a lower average grade, but higher tonnes for a similar number of ounces.

Mineralisation type	Resource Category	Tonnes	Au	Au	
	(JORC, 2004)	(Mt)	(ppm)	Ounces	
Amphibolite	Laterite	Inferred	1.6	0.89	45,737
		Indicated	21.3	1.01	690,965
		Inferred	50.9	1.03	1,683,877
			73.8	1.02	2,420,579
Gibraltar	Inferred	4.5	1.12	161,877	
Laterite Dumps	Inferred	0.5	1.20	20,659	
Grand Total			78.836	1.03	2,603,115

5.8 Metallurgy

Historical processing of predominantly oxide and transitional ore indicates that the ore is free milling with the gold readily recoverable using conventional cyanidation technologies. As the resource estimate contains a high percentage of fresh mineralisation, a metallurgical testwork programme was completed to specifically focused on fresh rock mineralisation with the results being used as the basis for the scoping study. The samples were selected from fresh (primary) mineralisation taken at intervals along the Bullabulling Trend between Bacchus pit in the south and Phoenix pit in the north. The results from both the test work on the composite sample and the variability test work are highly encouraging with the results confirming that the Bullabulling gold deposit has excellent recoveries at head grades of less than 1.0 g/t Au, with up to 40% of the contained gold recoverable by gravity. The gold recoveries are sensitive to grind size and additional test work is planned to optimise the required grind.

Profile of the Bullabulling Gold Project.

Compared to other deposits in the Goldfields, the ore at the Bullabulling Gold Project is neither hard nor abrasive due to the lack of quartz associated with the gold mineralisation. The following conclusions were drawn from the recovery testwork and historical data:

- No significant deleterious elements identified.
- The base case grind size selected is a P80 of 75 microns.
- Gold recovery of 92.5% to 94.0%.
- No Gravity circuit.
- CIL residence time of 24 hours.
- Oxygen and lead nitrate addition to leach.
- 0.4 kg/t cyanide consumption.
- 4.0 kg/t lime consumption.
- Carbon loading 2,500 g Au/t.

The main findings of the comminution testwork indicated that:

- The samples are reasonably competent with (A * b) values between 32 – 47.
- Ball work indices are low to moderate at 10 – 15 kWh/t.
- Variability between samples was quite low.
- The Abrasion index was low to moderate.
- The optimal grind size is P80 75 microns, with the ore showing high sensitivity to grind.

Although the metallurgical test work is of a very high quality and gave results similar to previous operational data, additional variability data are required from the entire length of the Bullabulling Trend that potentially may be mined. A program of PQ diamond drilling has been completed to obtain core samples for additional variability testing using the optimized pit shells from the scoping study. The drilling provided 27 new samples (each 300 kilograms in weight of full PQ core) made up of mineralised transitional partly oxidised material and fresh material. These samples have been delivered to ALS Ammtec in Perth and have been processed for both recovery and comminution testwork.

5.9 Scoping and Pre-feasibility Studies

An initial Scoping Study at the Bullabulling Gold Project has been completed and this study has delivered positive and encouraging results. The aim of the Scoping Study was to examine the potential economic and technical viability of a large tonnage – low grade open cut mining operation at Bullabulling. The study is an initial attempt to estimate the capital and operating costs based on the current inferred and indicated resources and the estimated costs have an accuracy of $\pm 30\%$.

The 6.0 kilometre long Bullabulling Trend (between Bacchus and Bonecrusher pits) was the focus of the Study where resource drilling and assessment programmes to date have been concentrated. Based on the current Indicated and Inferred Resources at Bullabulling the Scoping Study base case suggests that a large scale open pit mining and carbon-in-leach (CIL) operation producing 7.5 million tonnes per year of ore with a run of mine (ROM) grade of 1.04 g/t Au could generate approximately 2.1 million oz ounces of gold recovered at a cash cost of A\$968/oz ounce and deliver a before tax NPV of over A\$389M and IRR of 29% using a gold price of A\$1,500.

The main results from the study suggest that:

- The project has sufficient resources to establish an operation with a minimum 10 year mine life.
- The metallurgy has no issues and recoveries for the operation should range from 92.5% to 94.0%.
- Annual production should average around 230,000 ounces over the 9.2 year period with a life of mine production of 2.15 million ounces.
- Operating Costs costs of approximately \$30 per tonne of ore treated, with potential for significant improvements in both mining and processing operating costs.
- Capital costs of approximately \$366 million, with again potential for improvements.
- Using a 6% discount rate and gold price of A\$1,500/ounce the NPV is above A\$389M with an IRR of 29% (NPV of above A\$703M and IRR of 42% at A\$1,700/ounce).
- There are no apparent environmental or social issues to developing the project.
- Current infrastructure including water bores, haul roads and pit voids are in good condition and can be used for the proposed operation.

Profile of the Bullabulling Gold Project.

As a low grade high tonnage project, the Bullabulling Gold Project requires further investigation of opportunities where project performance can be improved. There is the potential to reduce power consumption, and thus operating costs, by installing High Pressure Grinding Rolls comminution technology. The exploitation of potential additional resources at Gibraltar, Central Kalgoorlie Gold Mines (**CKGM**) and Jervois Mining's heaps needs to be included in the mine scheduling. Grind optimisation testwork may indicate that a coarser grind may be able to be utilised with a net economic benefit. Investigation of alternative Carbon In Leach (**CIL**) process plant design options will be carried out in the pre-feasibility study that may reduce capital or operating costs. It is possible that the project can move towards more project specific design and cost estimation in high cost areas such as mining costs, Tailings Storage Facility design, and plant design. The project economics are highly sensitive to metallurgical recovery, therefore further Pre Feasibility Study (**PFS**) CIL testwork on representative samples consistent with the average grade of ore mined over the mine life should be prioritised to determine if higher recoveries than the 92.5% recovery assumed are possible, and to determine if a coarser grind size can be utilised. Studies relating to power supply are also a high priority.

The mining excavate load and haul costs input to the Scoping Study was very simplistic with only one unit cost estimate utilised irrespective of mining depth, haulage distance and material being mined. Whilst this conceptual approach is broadly adequate for a scoping study, it is inadequate for detailed scheduling. There is strong scope for a large variation in mining costs once more detailed mining cost models are developed. Sourcing or developing a more detailed cost model and re-running the Whittle optimisations and Evaluator schedules will be given a high priority.

The scoping study has provided confidence in moving to the next stage of project assessment and the JV management board has agreed to commence a detailed pre-feasibility study that addresses the issues highlighted by the scoping study. Some of the pre-feasibility work has already commenced with both water and ore samples collected for the recommended metallurgical testwork. These results should be available in the second quarter of 2012, with the pre-feasibility study due for completion during the September quarter 2012.

5.10 Exploration

The Bullabulling trend extends a further 6 kilometres to the south and south east, which is the focus of a 20,000m exploration drill program over the next 12 months, including exploration targets such as Sphinx, Edwards, Medusa, Gryphon, Kraken and Minotaur where previous shallow RAB (percussion) drilling has intersected widespread gold mineralisation. Results indicate that mineralisation is confined to the upper contact of the main komatiite unit that has been mapped along the Bullabulling Trend and swings with the stratigraphy to the southeast. The lower contact of the ultramafic, which is mineralised in the main Bullabulling Trend, remains to be effectively tested to determine whether deeper lodes occur in this position. A number of new holes are planned to test the full section of the ultramafic to cover both contacts on fence lines with a SW-NE orientation.

A review of the soil geochemistry database has been completed using historical soil data in combination with photo-mapping of regolith. It is clear that the historic drilling does not fully test significant areas of alluvial cover that are associated with low level gold soil anomalies to the south along the Bullabulling Trend within the newly granted Exploration Licences. Six regional scale targets have been identified that require follow up exploration drilling, which is planned to start early in 2012.

One of the attractions for Auzex acquiring the Bullabulling project in January 2010 were not only the near surface low grade potential of the Bullabulling Trend, which has now been established, 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. 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. The structures associated with gold mineralisation can be identified by geophysics, 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. 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. Planning of the high grade deeps

Profile of the Bullabulling Gold Project.

exploration project has been completed and 3D modelling work and geophysical data acquisition has started. The next phase of work will include:

- Airborne and Ground geophysics, including magnetic, gravity and seismic data acquisition
- Stratigraphic diamond drilling
- Spectral logging of drill core and drill chips
- 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.

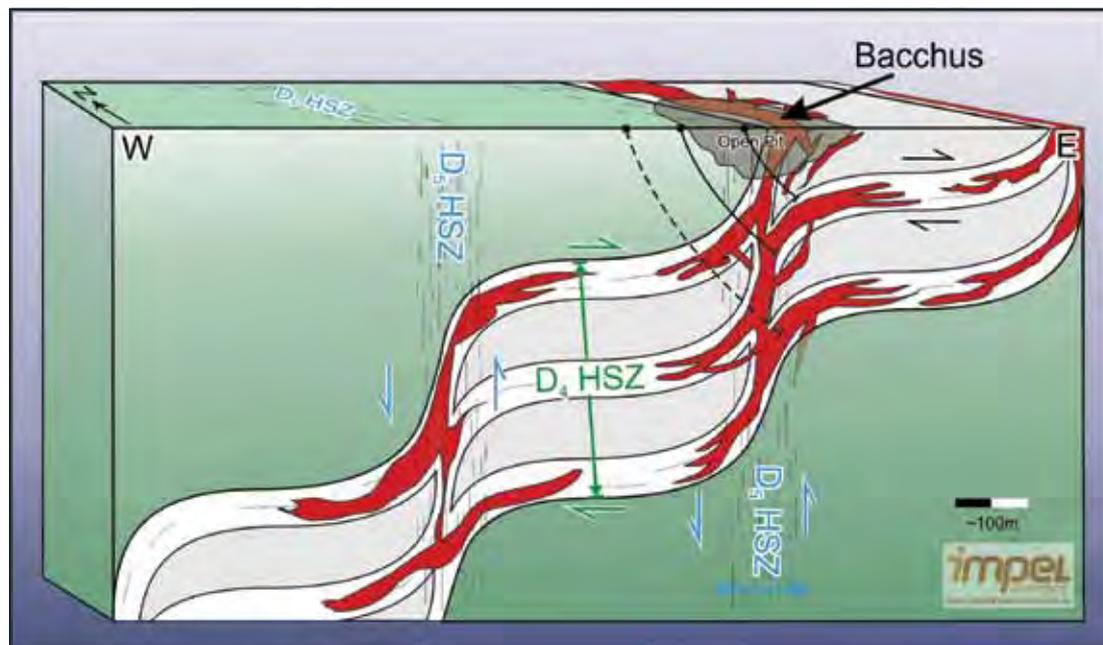


Figure 5.10. 3D model of the structural framework of the Bullabulling Trend showing interpreted extensions to known mineralisation and also potential targets at depth within iron rich brittle lithologies.

5.11 Exploration and Development Schedule

The infill drilling has now been completed and all assays are expected to be finalised from this program by mid January. A new resource estimate will be completed by Snowden once the assays from this phase of infill drilling have been received and validated. A new resource estimate that is likely to increase the Indicated resources at the project is expected to be finalised by the end of the second quarter of 2012.

The exploration targets in the south of the Bullabulling Trend at Sphinx, Medusa, Edwards, Gryphon, Kraken and Minotaur will also be drilled during this period which should add to the current resource base.

The scoping study has been completed and the pre-feasibility study has commenced. A number of long lead time tasks for the pre-feasibility study for the project are well underway and will be progressively advanced during the next few quarters with a view to commencing discussions with project financiers and progressing detailed engineering studies during early 2012. This work includes:

- Finalising metallurgical variability test work
- Final process engineering design
- Final capital and operating cost estimates
- Optimisation and reserve estimation
- Detailed mine planning and scheduling
- Completion of pre-feasibility study
- Completion of environmental studies and permitting
- Finalising power supply studies
- Water supply studies
- Detailed estimation of mining costs
- Optimising cut grades and stockpiling strategy
- Financial modelling
- Completion of bankable feasibility studies

6

6.1 Introduction

This section of the Booklet sets out the profile of Auzex after the Demerger of Auzex Exploration Limited (**AEL**) that was implemented on 6 January 2012, but before the proposed Merger with BBG.

6.2 Auzex's background and history

Auzex was founded by current Auzex managing director John Lawton and technical director Greg Partington, and registered as a proprietary company on 29 September 2003. On 7 July 2005 Auzex converted to a public company and was listed on ASX on 4 October 2005.

Auzex was established to explore for major granite-hosted gold systems within Australia and New Zealand, and secured prospective targets in eastern Australia and New Zealand as identified by the company's state-of-the-art prospectivity modelling studies.

PROFILE OF AUZEX

In January 2010 Auzex identified the Bullabulling Gold Project in the Coolgardie Goldfield of Western Australia. This project had been the site of previous operations, principally during the 1990s when 371,373 ounces of gold were produced. The assets comprising the Bullabulling Gold Project included a JORC Indicated and Inferred resource of 431,600 ounces of gold, an extensive database including over 400 kilometres of drill hole data and production records, infrastructure including power and water, a pastoral lease and a number of granted mining leases covering the mineralised Bullabulling shear zone.

Auzex entered into an exclusive option agreement with Jervois Mining Limited (**Jervois**) (ASX: JRV) in January 2010 to acquire the Bullabulling Gold Project. In April 2010 Auzex and GGG (then named Central China Goldfields plc) entered into a sale and purchase agreement pursuant to which GGG acquired 50% equity in the project from Jervois. The acquisition of the Bullabulling Gold Project mining tenements and plant and equipment by Auzex and GGG was successfully completed on 13 August 2010.

On 17 May 2010 an unincorporated joint venture agreement (the **Bullabulling Joint Venture Agreement**) was finalised between Auzex and GGG to establish the Bullabulling Joint Venture, with each having a 50% interest in the Bullabulling Gold Project. Refer to section 6.12.4 of this Booklet for a summary of the Bullabulling Joint Venture Agreement.

The primary objective of the Bullabulling Joint Venture is to fast track development of the Bullabulling Gold Project to production within an estimated four year timeframe from acquisition. Auzex provides the day-to-day operational management, including preparation and implementation of all programs and budgets, joint venture reporting, compliance, tenement management, health and safety, site access, accounting and finance, working capital and the direct employment and management of staff, consultants and contractors.

6.3 Auzex Demerger of certain exploration assets, GGG shares and cash

Pursuant to the Demerger, Auzex demerged certain exploration assets, 7,022,472 GGG shares and cash to Auzex Exploration Limited (**AEL**) and on 6 January 2012 distributed all of the shares in AEL to Auzex Shareholders by way of a capital reduction and scheme of arrangement.

AEL is an unlisted exploration company which acquired the non-Bullabulling exploration assets of Auzex, including 7,022,472 shares in GGG which will be exchanged for BBG Shares pursuant to the GGG Scheme. The directors of AEL intend to apply for listing of AEL on the ASX in the first half of calendar year 2012, subject to market conditions.

Auzex Shareholders who were on the share register on 30 December 2011 received shares in AEL on a 1 for 6 basis.

Full details of the Demerger can be found in the Demerger Scheme Booklet as released to ASX on 18 November 2011.

6.4 The Bullabulling Gold Project

Following the Demerger of Auzex's non-Bullabulling assets by the spin-off of AEL, Auzex's only tangible asset is its 50% interest in the Bullabulling Gold Project held pursuant to the Bullabulling Joint Venture with GGG.

A profile of the Bullabulling Gold Project is provided in section 5.

6.5 Strategy of Auzex

Auzex's core business strategy following the Demerger of its non-Bullabulling assets is the development of its 50% joint venture interest in the Bullabulling Gold Project.

Subject to the approval by the Requisite Majority of Auzex Shareholders and the approval of the Court at the Second Court Hearing, Auzex will Merge with GGG, which holds the other 50% of the Bullabulling Gold Project, by means of both Auzex and GGG becoming wholly owned subsidiaries of BBG.

If the proposed Merger with GGG does not proceed as proposed, Auzex will continue its focus on development of the Bullabulling Gold Project pursuant to the Bullabulling Joint Venture Agreement.

6.6 Directors and management of Auzex

(a) Management

The Auzex management team and Board of Directors have significant experience in the Australian and New Zealand mining sectors. This includes greenfields exploration through to resource assessment, mine development and operations.

The directors and management of Auzex and a brief description of their qualifications and other directorships are set out below:

(b) Directors

As at the date of this Booklet the Auzex directors are:

- Chris Baker - Non-executive Chairman
- John Lawton - Managing Director
- Greg Partington - Director of Operations
- Eugene Iliescu - Non-executive Director
- Paul Frederiks - Non-executive Director

The Directors of Auzex and a brief description of their qualifications and other directorships are set out below:

Chris Baker – Non-executive Chairman

B.Sc (Hons.), MBA, FAusIMM, IOD



Chris Baker is a Company Director with in excess of 30 years experience in the Australian and New Zealand resources sector. His background is as a metallurgist and his experience includes technical, operational and management roles in the mining sector including gold, uranium, tungsten, titanium, and coal. He has been involved in project development, has extensive experience in Joint Ventures and governance and has a broad and practical understanding of the mining industry and the multitude of disciplines that comprise successful projects and successful companies.

Chris has a Bachelor of Science (Hons) in Mineral Technology, and an MBA, both from Otago University, and is a Fellow of the Australasian Institute of Mining and Metallurgy. He is a member of the Institute of Directors (NZ).

Chris was previously an Alternate Director of Ross Mining NL until 2000 and currently holds a number of management and governance positions in New Zealand and Australia, including Chairman of the Coal Association of New Zealand, CEO of Straterra, a group that represents the mining industry in New Zealand, Executive Chairman of the NZCCS Partnership, Director of the Canberra based CO2CRC, and Director of Saunders Unsworth Ltd (a Wellington based consultancy).

John Lawton – Managing Director

B.Sc. (App.Sci.), MAusIMM, MAICD



John Lawton has a career spanning almost 40 years in the resources industry from exploration geology associated with gold, tin, base metals and uranium deposits to project development and corporate management, and is fortunate to have been associated with a number of discoveries and developments in that time.

In the mid 1980's - 2000, John was an executive Director of Ross Mining NL, a company he co-founded, which became a respected mid-tier gold producer through the 1990's, developing seven gold mines in Queensland, New South Wales and the Solomon Islands which delivered dividends to shareholders. Ross operated low grade gold deposits at low cash cost in a low gold price regime using innovative operation practices. He founded Auzex in 2003 and

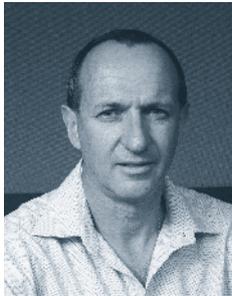
funded its early development through to ASX listing in 2005.

John has a B.Sc in Applied Geology and is a member of The Australasian Institute of Metallurgy and the Australian Institute of Company Directors. He is Chairman of Peninsula Goldfields Pty Ltd.

Profile of Auzex.

Greg Partington – Executive Director of Operations

Ph.D., MAusIMM



Dr Greg Partington has more than 30 years experience in the minerals industry both in exploration and mining. He started work as an underground geologist for Western Mining and has worked in various mining and exploration management roles since. His experience with Northern Gold and Ross Mining has given him a sound understanding of what is required to find and develop economic ore bodies.

He has been involved in several discoveries during his time in mineral exploration where he actively managed the development and feasibility studies of these projects that include gold, tin and tantalum mineralisation. He also has been continuously active during this period in geoscientific research and has published a number of papers on research into Archaean Gold mineralisation. He has successfully developed and managed several listed exploration companies, and part owns a company based in Wellington NZ and Perth WA, Kenex Knowledge Systems, focusing on creating business opportunities in the spatial world. Greg is now employed solely working as the operations director of Auzex Resources where he is responsible for the development of the Bullabulling Gold Project.

Greg has a PhD in economic geology from the University of Western Australia and is a member of the AusIMM, and has expertise in mineral exploration, structural geology, database development and management, spatial analysis of data using Geographic Information Systems (GIS), resource development and business management.

Eugene Iliescu – Non-executive Director

Cert. Eng. Surv., Grad. Dip. Soc. Sc., Dip OH&S



Eugene Iliescu has extensive experience in operations management and project development over a period exceeding 35 years in the resources industry working in numerous mining companies (Ross Mining, Australian Consolidated Minerals, Metans Minerals, Ronphos, Gentor Resources), Oil & Gas companies (Western Geophysical, Norpac & Duke Energy) and renewable energy (Geodynamics & Panax).

Eugene was the resident General Manager for Ross Mining's Gold Ridge gold mine during the mines development in the Solomon Islands. He has held the position of Managing Director at the Ronphos phosphate operation in Nauru, and held a senior position with National Mining & Petrogas in the Middle East.

He held the position of Managing Director of Auzex Resources Ltd for a year from March 2009 through the aftermath of the global financial crisis. Eugene is currently Managing Director of Gentor Resources LLC in Oman involved with the exploration of a copper-gold project. He has also provided consultancy services to the resources sector within the Middle East, Australia and the Pacific basin. He is a non-executive director of Kenex Pty Ltd.

Paul Frederiks – Non-executive Director and Company Secretary

B.Bus (Acc.), FCPA, FCIS, FAICD



Paul Frederiks has extensive experience in public company financial and secretarial management with more than 29 years experience in the Australian resource sector. Paul has an extensive knowledge base in listed public company financial and secretarial management, external reporting, financial modelling and forecasting, project financing, treasury management, corporate governance and hedging.

Paul held the position of company secretary and chief financial officer of Ross Mining NL for over eight years until 2000 and prior to that he was company secretary and financial controller of Atco-Apm Drilling Pty Ltd for five years. Paul established his own consultancy in 2000 providing company financial and secretarial services to both listed and unlisted public companies. He was Company

Secretary of Billabong International Limited from 2000 to 2003. He is currently Company Secretary of the listed company Geodynamics Limited and has been since 2002. He is a former non-executive Director of the listed company China Steel Australia Limited and a former non-executive director of GE Aviation Systems Australia Pty Ltd. Paul is a fellow of CPA Australia, The Australian Institute of Company Directors and Chartered Secretaries Australia. Paul was awarded a scholarship from CPA Australia early in 2005 to complete the Australian Institute of Company Directors Company Directors' course.

Profile of Auzex.

6.7 Auzex Capital Structure and ownership

As at the date of this Booklet Auzex has the following securities on issue.

Class of Security	Number on Issue
Fully paid ordinary Shares (quoted on ASX "AZX")	140,468,565
Unlisted options expiring 21 October 2013 exercisable at \$0.10 (not quoted on ASX)	1,943,479
Unlisted options expiring 28 October 2014 exercisable at \$0.19 (not quoted on ASX)	426,425

As at 10 February 2012, Auzex's ten largest shareholders are:

Shareholder	Number of Auzex Shares	Percentage Shareholding
National Nominees Limited	16,980,926	12.09%
HSBC Custody Nominees (Australia) Limited	16,188,015	11.52%
GGG Resources plc	10,266,667	7.31%
JP Morgan Nominees Australia Limited <Cash Income A/C>	9,454,647	6.73%
Peninsula Goldfields Pty Ltd	7,346,689	5.23%
Misty Grange Pty Ltd <BJ&LA Windsor S/F Pens A/C>	4,600,204	3.27%
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	3,503,256	2.49%
HSBC Custody Nominees (Australia) Limited – GSI EDA	2,694,240	1.92%
Clariden Capital Limited	2,000,000	1.42%
Pan Australian Nominees Pty Limited	1,664,457	1.18%

As at 10 February 2012 Auzex has the following Substantial Shareholders:

Shareholder	Number of Auzex Shares	Percentage Shareholding
Baker Steel Capital Managers	17,715,277	12.61%
GGG Resources	10,266,667	7.31%
John Lawton	7,427,245	5.29%

As at the date of this Booklet:

- The top twenty holders of ordinary equity held 85,612,990 shares representing 60.95% of Auzex Shares.
- Directors held or controlled 13,108,041 ordinary shares representing 9.33% of Auzex Shares.

6.8 Auzex recent share price performance

The chart below shows the closing price of AZX shares on ASX over the 12 month period up to (and including) 16 February 2012.

Auzex Resources Limited - 12 Month Chart

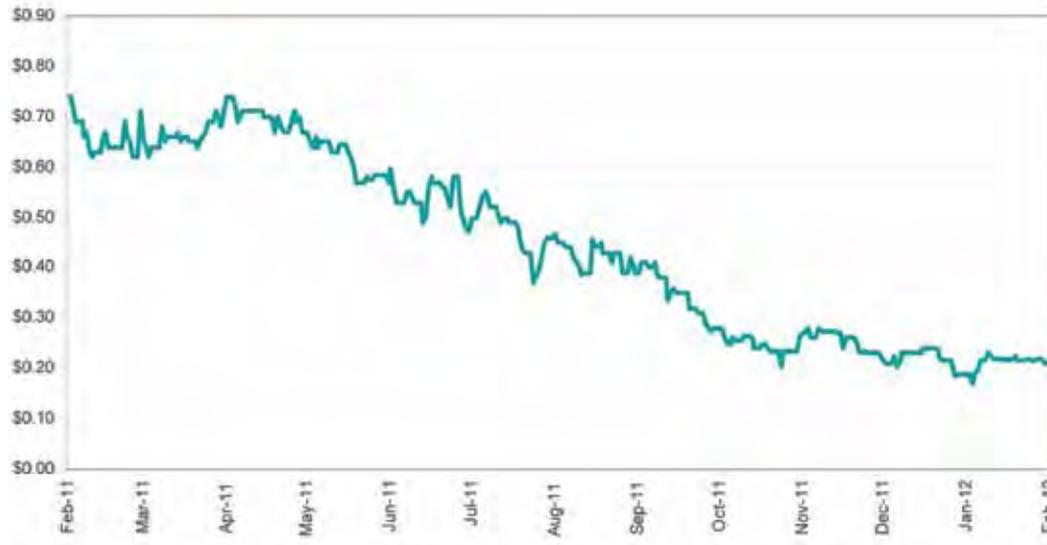


Diagram 6.1 Closing price of Auzex Resources on the ASX over the 12 month period up to and including 16 February 2011

The closing price of Auzex Shares on the ASX as at 16 February was \$0.21.

The last recorded sale price for Auzex Shares on the ASX before the public announcement of the Merger was \$0.385 (38.5 cents) on 26 August 2011.

6.9 Financial information relating to Auzex

(a) Introduction

This section contains historical financial information for Auzex as at 30 November 2011 and pro forma historical financial information for Auzex as if the capital raising announced on 17 October 2011 and the Demerger of its non-Bullabulling assets had occurred on that date. Reference to financial information relating to Auzex refers to the Auzex Group on a consolidated basis.

(b) Capital raising

On 17 October 2011 Auzex announced that it:

- had conducted a \$3.4 million placement to institutional and sophisticated investors, involving the issue of approximately 14.3 million new fully paid ordinary shares at \$0.24 per share (**Placement**); and
- intended to raise up to \$4.6 million via an underwritten 1 for 5 renounceable rights issue, involving the offer of approximately 19.0 million new fully paid ordinary shares at \$0.24 per share to Auzex Shareholders with registered addresses in Australia and New Zealand (**Rights Issue**).

On 28 October 2011, the Placement was completed and the Placement shares issued. The Rights Issue was fully underwritten by BBY Limited and Shares under the Rights Issue were issued on 5 December 2011.

The proceeds of the Placement and the Rights Issue have and will be used:

- to fund Auzex through to the proposed Merger with BBG;
- to provide \$2.085 million of initial cash funding to AEL; and
- to accelerate the development of the Bullabulling Gold Project.

6.10 Proforma historical financial position of Auzex after Demerger

The following table shows:

- A summary of the unaudited historical consolidated balance sheet of Auzex as at 30 November 2011 extracted from the unaudited management accounts of Auzex (**Unaudited Auzex Balance Sheet**).
- Unaudited proforma adjustments relating to the Rights Issue conducted by Auzex as if it had occurred (and the Rights Issue fully subscribed) on 30 November 2011 (**Proforma Capital Raising Adjustments**).
- An impairment of certain demerged exploration assets of \$4,824,892. This impairment represents the difference between:
 - the carrying value of the demerged exploration assets in the financial statements of Auzex based on the amount of capitalised exploration expenditure of \$10,824,892 expended on them; and
 - the Directors' valuation of the demerged exploration assets of \$6,000,000.

(Impairment Adjustment)

- A summary of the unaudited proforma historical consolidated balance sheet of Auzex as at 30 November 2011, derived from the Unaudited AZX Balance Sheet and adjusted for the Proforma Capital Raising Adjustments and Impairment Adjustment (**Proforma pre-Demerger Auzex Balance Sheet**).
- A summary of the unaudited proforma historical consolidated balance sheet of Auzex as at 30 November 2011 derived from the Unaudited AZX Balance Sheet and adjusted for the Proforma Capital Raising Adjustments, Impairment Adjustment and other proforma transactions relating to the Demerger (**Demerger Adjustments**), as if it had occurred on 30 November 2011 (**Proforma post-Demerger Auzex Balance Sheet**).

The Demerger Adjustments comprise:

- The provision of \$2.085 million in cash and cash equivalents by Auzex to AEL on the Implementation Date.
- The transfer of 7,022,472 GGG shares from Auzex to AEL.
- The transfer of \$78,666 in property, plant and equipment from Auzex to AEL.
- An indemnity of up to \$70,346 for employee benefits relating to the work done in respect of the Exploration Assets provided by AEL to Auzex.
- An indemnity of up to \$106,617 for rehabilitation costs relating to the Exploration Assets provided by AEL to Auzex.

Deferred Exploration Expenditure is allocated between Auzex and AEL on the basis of the actual accrued exploration expenditure on each company's respective projects – that is, the Bullabulling Gold Project in the case of Auzex, and the exploration Assets in the case of AEL.

All historical and pro forma historical financial information is presented in an abbreviated form that does not include all of the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

Profile of Auzex.

	Consolidated balance sheet (unaudited management accounts)	Proforma Rights Issue Adjustment	Impairment of AEL Exploration Assets	Proforma consolidated balance sheet before Demerger	Demerger Adjustments	Proforma consolidated balance sheet after Capital Raising and Demerger
	30 November 2011			30 November 2011	30 November 2011	30 November 2011
CURRENT ASSETS						
Cash	3,767,860	4,262,038		8,029,898	2,000,000	6,029,898
Term Deposits (secured)	750,000			750,000	75,000	675,000
Receivable from GGG Resources	1,019,619			1,019,619	-	1,019,619
Other Receivables and prepayments	320,230			320,230	10,000	310,230
Total Current Assets	5,857,709	4,262,038		10,119,747	2,085,000	8,034,747
NON CURRENT ASSETS						
Investments – Shares in GGG Resources	1,821,897			1,821,897	1,821,897	
Deferred Exploration Expenditure	19,814,690		(4,824,892)	14,989,798	6,000,000	8,989,798
Property Plant & Equipment	501,174			501,174	78,666	422,508
Total Non Current Assets	22,137,761		(4,824,892)	17,312,869	7,900,563	9,412,306
TOTAL ASSETS	27,995,470	4,262,038	(4,824,892)	27,432,616	9,985,563	17,447,053
CURRENT LIABILITIES						
Payables	4,499,634			4,499,634	-	4,499,634
Merger costs payable	1,393,915			1,393,915	-	1,393,915
Provision for Employee Benefits	70,346			70,346	70,346	-
Provision for Rehabilitation	415,317			415,317	106,617	308,700
Total Current Liabilities	6,379,212			6,379,212	176,963	6,202,249
TOTAL LIABILITIES	6,379,212			6,379,212	176,963	6,202,249
NET ASSETS	21,616,258	4,262,038	(4,824,892)	21,053,404	9,808,600	11,244,804
SHAREHOLDERS' EQUITY						
Contributed Equity	33,437,359	4,262,038		37,699,397	9,808,600	27,890,797
Other Reserves	2,090,179			2,090,179	-	2,090,179
Retained profits/(losses)	(13,911,280)		(4,824,892)	(18,736,172)	-	(18,736,172)
Total Parent Entity Equity Interest	21,616,258	4,262,038	(4,824,892)	21,053,404	9,808,600	11,244,804
TOTAL SHAREHOLDERS' EQUITY	21,616,258	4,262,038	(4,824,892)	21,053,404	9,808,600	11,244,804

6.11 Auzex employee share option plan

The purpose of the Auzex Employee Share Option Plan (**ESOP**) is to provide performance-based remuneration for eligible employees, incentivise eligible employees by enabling them to participate in the profits and financial performance of Auzex, and align the interests of eligible employees more closely with shareholders in Auzex and provide greater incentive for the eligible employees (including directors and contractors) to focus on longer-term goals of Auzex. Key terms of the ESOP are:

- (a) Only eligible employees are entitled to participate in the ESOP. The Board may, from time to time, determine which employees are entitled to participate in the ESOP and may offer such number of options (if any) to such eligible employees in accordance with the ESOP Rules.
- (b) Offers under the ESOP will be personal and will generally not be assignable other than to a related nominee.
- (c) Subject to the ESOP rules, each option will entitle the participant on exercise to subscribe for and be allotted one share at the exercise price.
- (d) Options will not be quoted on ASX. Auzex will apply for official quotation on ASX of shares issued on exercise of an option.
- (e) Any share allotted and issued pursuant to an exercise of an option will rank equally with the shares on issue on the date of exercise of the option. Where any share is allotted and issued during a period in respect of which a dividend or distribution is declared, the holder of such a share will only be entitled to receive a dividend or distribution where the share was allotted and issued to a participant by Auzex, pursuant to the exercise of an option, on or before the relevant record date.
- (f) Notwithstanding any ESOP Rule or the terms of any option, no option may be granted or exercised if to do so would contravene the Corporations Act, the Listing Rules (if applicable) or any other applicable laws.
- (g) In the event of any reorganisation (including but not limited to consolidation, sub-division, reduction, capital return, buy back or cancellation) of the issued share capital of Auzex, the rights attaching to options will be reorganised as required by the Listing Rules.
- (h) Participants will not be entitled to participate in any new issue of shares in Auzex as a result of their option holding unless they have become entitled to exercise their options under the ESOP and have exercised those options or any of them in accordance with the terms of the ESOP prior to the record date for the determination of entitlements to the new issue. Auzex must give no less than 10 business days notice of any new issue of shares to the participant before the record date for determining entitlements to the issue in accordance with the Listing Rules, so as to permit the participant to exercise any option which, on its terms, may be exercised before the record date.
- (i) Where, prior to the first exercise date, there is a change of control of Auzex, the Board shall, notwithstanding any other provisions of the ESOP rules, allow each participant 30 days to lodge with Auzex a notice of exercise which the Board will approve, after which the options will lapse.
- (j) Subject to the satisfaction of the performance hurdles or vesting conditions and the ESOP rules, an option which has not lapsed is exercisable during the exercise period by the participant lodging with the company secretary of Auzex or such other person nominated by the Board for that purpose a notice of exercise signed by the participant, together with the certificate and, subject to the ESOP rules, the exercise price for each share to be acquired on exercise.
- (k) An option may only be exercised after the first exercise date and prior to the last exercise date at any of the following times:
 - (i) in a period specified in Auzex's corporate governance policies from time to time or as otherwise approved under such policies; or
 - (ii) at or within such additional or replacement dates or periods as may be determined by the Board and notified to a participant.
- (l) A participant must not lodge a notice of exercise with the Board if the resulting acquisition of shares or the sale of such shares would result in a breach of Part 7.10 Division 3A of the Corporations Act.

Profile of Auzex.

- (m) An option not previously exercised during the exercise period will lapse at 5.00 pm (Brisbane, Queensland time) on the date that is the earlier of:
- (i) the last exercise date;
 - (ii) a period as determined by the Board after the occurrence of a special circumstance;
 - (iii) a determination of the Board following the participant having, in the opinion of the Board, been dismissed for a reason which entitles Auzex or a related body corporate to dismiss the participant without notice or for cause or for committing any act or omission of fraud, defalcation or gross misconduct in relation to the affairs of Auzex or any related body corporate (whether or not charged with an offence) or doing any act which in the reasonable opinion of the Board brings Auzex or any related body corporate into disrepute;
 - (iv) any action or inaction by the participant which, in the reasonable opinion of the Board, constitutes hedging (using other financial contracts or securities to offset financial risk) or attempting to hedge the financial risk associated with this ESOP;
 - (v) the date on which the participant assigns the options in breach of the ESOP rules; or
 - (vi) a determination of the Board following the failure to attain one or more of the relevant requirements or a breach or occurrence of any of the conditions or events contained in the offer which in the opinion of the Board requires the lapse of options held by a participant to occur.
- (n) Where a participant, having satisfied all performance hurdles or vesting conditions, ceases to be an employee holding options not previously exercised during the exercise period, and that have not lapsed under the ESOP rules, any such options held by the participant will lapse at 5.00 pm (Brisbane time) on the date that is 30 calendar days from the date the participant ceased to be an employee.

6.12 Material Contracts

6.12.1 Bullabulling Sale and Purchase Agreement

Auzex acquired its 50% interest in the Bullabulling Gold Project under a sale and purchase agreement dated 22 April 2010 between Jervois Mining Limited (**Jervois**), Goldpride Pty Ltd, Auzex and GGG. Under this agreement (and related deeds of assumption), Auzex and GGG agreed to:

- (a) (**Jervois Royalty**) grant Jervois a production royalty of \$30 per ounce for the first 400,000 ounces of gold produced from the Bullabulling Gold Project tenements and \$20 per ounce thereafter, with Auzex and GGG each severally liable for 50% of the royalty;
- (b) (**Australasian Royalty**): assume Jervois' obligations to Australasian Resources Limited to pay a royalty of \$10.00 per fine ounce (or fine ounce equivalent) of all gold produced from tenement ML15/503, excluding the first 100,000 ounces produced; and
- (c) (**Franco-Nevada Royalty**): assume Jervois' obligations to Franco-Nevada Australia Pty Ltd (ACN 128 617 078) to pay a 1% gross royalty on all gold produced from tenements M15/282 and M15/554.

6.12.2 Merger Implementation Agreement

Auzex and GGG are parties to a Merger Implementation Agreement dated 17 September 2011 (**MIA**) under which they have conditionally agreed to merge through the creation of BBG which:

- will hold, directly or indirectly, 100% of the Bullabulling Gold Project (which is currently owned 50% by Auzex and 50% by GGG in an unincorporated joint venture);
- will be owned 50% by Auzex Shareholders, and 50% by GGG Shareholders, subject to any adjustment to reflect GGG's cross shareholding in Auzex; and
- will be listed on both the ASX and AIM.

Details of the MIA are provided in section 11.3 of this Booklet.

6.12.3 Management of the Bullabulling Gold Project

Pursuant to the MIA Auzex and GGG have established an operating company for the Bullabulling Gold Project and entered into a management agreement and shareholders agreement in relation to this. These two agreements are summarised further below. BBG Management Pty Ltd has been established as the operating company and is operating the Bullabulling Gold Project. Under the MIA, the parties agreed to ensure BBG Management Pty Ltd has 3 months of forward funding once Auzex has completed a capital raising, and at least 2 months forward funding thereafter. A process was also provided to appoint a new independent chairman, managing director and one other director to BBG Management Pty Ltd as soon as possible, so that independent directors have the majority on the board.

- (a) **Shareholders Agreement:** Auzex, GGG and BBG Management Pty Ltd are parties to a shareholders' agreement dated 17 September 2011 which governs the relationship of Auzex and GGG as shareholders in BBG Management Pty Ltd. This agreement is on standard commercial terms for an agreement of this nature. Auzex and GGG each hold a 50% shareholding, with decisions by the board based on simple majority other than for fundamental matters that require unanimous board approval.
- (b) **Management Agreement:** Auzex, GGG and BBG Management Pty Ltd are parties to a management agreement dated 17 September 2011 which engages BBG Management Pty Ltd to operate Bullabulling on behalf of Auzex and GGG. This agreement is on standard commercial terms for an agreement of this nature.

6.12.4 Bullabulling Joint Venture Agreement

Auzex and GGG are parties to a joint venture agreement that establishes and governs the Bullabulling Gold Project joint venture arrangement. It is in terms standard for an agreement of this nature. The material provisions of the Bullabulling Joint Venture Agreement are:

- (a) **(Joint Venture Committee):** Auzex and GGG to establish a joint venture committee under which each has votes reflecting its joint venture interest, with decisions being by simple majority (except for certain super majority decisions). While Auzex and GGG each hold a 50% joint venture interest, all decisions must be unanimous (see in this regard section 6.12.2 of this Booklet regarding the newly implemented arrangements for management of the Bullabulling Joint Venture).
- (b) **(Program and Budget):** The Bullabulling Joint Venture committee must review and consider 6 monthly programs and budgets. The Bullabulling Joint Venturers must fund a program and budget that ensures the Bullabulling tenements are kept in good standing.
- (c) **(Election to Dilute):** Each party may elect not to contribute to a 6 monthly program and budget in which case the party will be diluted.
- (d) **(Funding Default):** Where a party defaults in payments due under the agreement, and the other party elects to contribute the shortfall, the defaulting party will be diluted and may be bought out at fair market value by the non defaulting party.
- (e) **(Change of Control):** If any third party acquires a Relevant Interest in 30% or more of the issued capital of either party (Change of Control Party), then the other party to the agreement (Acquiring Party) will be entitled to increase its interest in the Bullabulling Gold Project to 80% through the expenditure of \$2 million to develop the Bullabulling Gold Project (with the Change of Control Party free carried during that period), provided that:
 - (i) the Acquiring Party has an interest in the Bullabulling Joint Venture Agreement of at least 50% and has not defaulted under the Bullabulling Joint Venture Agreement;
 - (ii) the Acquiring Party gives the Change of Control Party written notice electing to increase its interest within 30 days of becoming aware of the change of control; and
 - (iii) the \$2 million expenditure is made within two years of the change of control event.

Auzex has agreed to waive this right in connection with the implementation of the Scheme.

- (f) **(Transfer pre-emptive Rights):** Before a party can accept a bona fide cash offer from a third party for the whole of its interest in the Bullabulling Joint Venture (other than from a related party), it must give notice of the offer to the other party to the Bullabulling Joint Venture Agreement and the other party has 30 Business Days to accept the offer on the same terms.

- (g) **(Insolvency Event):** If there occurs an insolvency event in respect of a party or of a holding company of a party that party is deemed to have offered to transfer the whole of its Joint Venture interest to the other party for the fair market value.
- (h) **(Less than 10% interest):** If the interest of any party in the Bullabulling Joint Venture is less than 10% for any reason, then that party must immediately offer to transfer the whole of its interest to the other party to the agreement for the fair market value of the interest as at the date that the interest became less than 10%.
- (i) **(Default):** From the date upon which any of the events of default as defined in the agreement below occur, the party that defaults shall be deemed to have made an offer to the non-defaulting party to sell all of their interest in the Bullabulling Gold Project at fair market value.
- (j) **(Dispute Resolution):** The procedure for dealing with any dispute that arises under the Bullabulling Joint Venture Agreement is:
 - (i) first, within 10 Business Days after a party receives notification about the dispute, a senior representative of each disputing party must meet and use reasonable endeavours acting in good faith to resolve the dispute by joint discussions;
 - (ii) second, the disputing parties will choose and appointed an independent expert (other than for dispute as to value, where an independent valuer must be appointed) who must make a determination or finding on the issues in dispute as soon as practicable and in any event within 20 Business Days of appointment, or such longer period as may be agreed between the disputing parties.

Under the dispute resolution procedure in the Bullabulling Joint Venture Agreement, no party may commence Court proceedings in relation to a dispute until it has exhausted the procedures above, unless the party seeks appropriate injunctive or other interlocutory relief to preserve property or rights or to avoid losses that are not compensable in damages.

6.12.5 Demerger Deed with Auzex Exploration Limited

Auzex and AEL have entered into a Demerger Deed which sets out the key separation and liability principles governing the ongoing relationship of Auzex and AEL following the Demerger.

- (a) **Demerger Principle:** The fundamental principle underlying the Demerger Deed as to the intended economic and legal effect of the Demerger is that, following the Demerger, the parties intend that AEL will have the entire economic benefit and risk of the Demerger Assets as if AEL had owned and operated the Demerger Assets at all times (the **Demerger Principle**). Auzex and AEL give certain indemnities to each other consistent with the Demerger Principle.
- (b) **Tenement Transfer:** Auzex agreed to transfer to AEL the tenements as defined in the Demerger Deed. At the date of this Booklet transfer forms have been submitted to the relevant government authorities for assessment. Auzex has no reason to expect that the transfers will not be approved in due course.
- (c) **Acknowledgment by Auzex and AEL:** Consistent with the Demerger Principle, Auzex and AEL acknowledge that AEL does not have any rights against an entity of the post-demerger Auzex Group and no entity within the post-demerger Auzex Group has any rights against AEL, except as expressly provided in the Demerger Deed or other transaction documents. Neither Auzex nor AEL has any right to make a claim for loss or damage arising directly or indirectly in relation to the Demerger.

The Demerger Deed does however preserve all rights of Auzex and AEL to claim against the other if either party has a claim brought against them by a third party. If this occurs, Auzex, AEL and their respective group companies reserve all rights available to them at law including any right to claim a contribution from or to join to the claim by the third party, a member of the other group.

- (d) **Indemnities:** Each of Auzex and AEL and their respective group companies indemnifies the other and its group companies in relation to any liability or loss which arises from or in connection with a breach by it or one of its group companies of the Demerger Deed.

- (e) **Other provisions:** The Demerger Deed contains provisions:
- (i) relating to the management of, and the funding for, the transferred tenements until the Ministerial Consent is granted. Auzex has appointed AEL to manage the conduct of the exploration activities with respect to those tenements. AEL will provide Auzex with the funding for the exploration activities with respect to the tenements. AEL has agreed to provide Auzex with regular updates on the exploration activities; and
 - (ii) in respect of various other matters, including access to and maintenance of records and limited warranties by Auzex in relation to the assets transferred to AEL pursuant to the Demerger.
- (f) **Administrative Services:** In order to ensure that AEL can function as a stand-alone group after the Demerger, Auzex will supply to AEL certain services, on a transitional basis, until 30 June 2012 (or any other date agreed by Auzex and AEL). The services to be provided by Auzex (or procured by Auzex to be provided) to AEL under the Management Services Agreement include:
- (i) operational and management support;
 - (ii) secretarial and office administration support;
 - (iii) accounting and financial administration services;
 - (iv) office accommodation and car parking;
 - (v) office supplies, consumables, and utilities;
 - (vi) fixed and mobile telephony and telecommunications;
 - (vii) information technology support and internet services; and
 - (viii) certain insurance policy coverage.

AEL will pay Auzex for the services to be provided at cost.

6.12.6 ESOP Option Exchange Arrangements

To facilitate the Merger, Auzex and BBG have entered into private contractual arrangements with each of the five directors and two staff members of Auzex who hold ESOP Options, pursuant to which (subject to the Merger of Auzex and GGG being implemented) the ESOP Options will be cancelled and the ESOP Optionholders will be granted BBG Options as consideration for the cancelled ESOP Options (**ESOP Option Exchange Arrangements**).

Refer to section 11.12 of this Booklet for further details.

6.12.7 Executive Services Agreements

Executive Services Agreement – John Lawton

Mr John Lawton and Auzex have entered into an executive services agreement pursuant to which Mr Lawton has agreed to provide his services as executive chairman of Auzex. The engagement is for an indefinite period and continues until it is terminated in accordance with the agreement.

Under the contract, Mr Lawton is entitled to receive annual remuneration including superannuation of \$281,667. In addition, with effect from 1 July 2011, he is entitled to receive a short term incentive of up to 20% of his base annual remuneration or a maximum of \$56,333 per annum. The payment of the short term incentive is only payable on the achievement of certain performance milestones. The key performance milestones set for Mr Lawton for the year ending 30 June 2012 comprise health, safety and environment performance, shareholders value building, field execution delivery and organisational and capital effectiveness.

The Company may terminate Mr Lawton's employment without cause by paying 12 months remuneration at the time of termination and intends to do so with effect of the implementation of the merger.

Executive Services Agreement - Gregor Partington

On 31 March 2010 Auzex and Mr Gregor Partington entered into a services agreement pursuant to which Mr Partington has agreed to provide his services as the Operations Director to Auzex. Mr Partington's employment continues indefinitely until terminated in accordance with the terms of the agreement. Auzex has agreed to pay to Mr Partington a salary of \$250,000 per annum (including superannuation).

The Company may terminate Mr Partington's employment without cause by paying 12 months remuneration at the time of termination and intends to do so with effect on the implementation of the merger.

Frederiks Investments Qld Pty Ltd

Auzex and Frederiks Investments QLD Pty Ltd entered into a consultancy agreement dated 1 January 2011 pursuant to which Frederiks Investments QLD Pty Ltd has agreed to provide the services of Mr Paul Frederiks as company secretary of Auzex and to provide general book keeping services.

Subject to the earlier termination of the agreement, Mr Frederiks' services will be provided for a period of 36 months commencing on 1 January 2011. Frederiks Investments QLD Pty Ltd is to be paid a minimum of \$14,967 per month (plus GST) (Payment Rate) for two work days of services per week, and \$1,727 (plus GST) per day for any additional days.

Auzex may terminate the agreement without notice by paying Frederiks Investments QLD Pty Ltd an amount equivalent to 12 months at the Payment Rate and intends to do so with effect on the implementation of the merger.

6.12.8 Option to Purchase the Geko Gold Project, Coolgardie, Western Australia

On 24 January 2012 Auzex and GGG executed an option to purchase agreement to acquire 100% of the Geko Gold Project, located approximately 17 kilometres north of the Bullabulling Gold Project near Coolgardie in the eastern goldfields of Western Australia.

The key terms of the option agreement are summarised as follows:

- (a) Option to acquire 100% of Mining Lease M15/621 on agreed terms
- (b) Option Fee: \$200,000
- (c) Option Period ends on 29 June 2012
- (d) Purchase price under the Sale and Purchase Agreement on exercise of the Option: \$3.0 million composed of:
 - (i) \$0.5 million cash payable by BBG if the Merger has been completed or in equal proportions by GGG and Auzex if the Merger has not been completed; and
 - (ii) If the Merger has been completed, BBG may, at its election, pay the remaining \$2.5 million in cash or BBG Shares based on a 5 day VWAP immediately prior to the purchase; or
 - (iii) If the Merger has not been completed, each of Auzex and GGG must, at its election pay either:
 - \$1.25 million in cash; or
 - Issue shares to the seller to the value of \$1.25 million based on a 5 day VWAP immediately prior to the purchase
- (e) Production royalty of \$10 per ounce for all gold sold from the tenement if the option is exercised.

6.13 Risk Factors Relating to Auzex

The risk factors identified below are the principal risks associated with continuing to hold or invest in Auzex Shares if the Merger with BBG is not implemented and Auzex continues as a stand-alone entity listed on ASX. As such, these risks are relevant to each Auzex Shareholder's decision of how to vote on the Scheme at the Scheme Meeting to effect the Merger.

The price of Auzex Shares and the future performance of Auzex is influenced by a range of factors and risks. While some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of Auzex and cannot be mitigated. The principal risks include, but are not limited to, those detailed below. Auzex does not give any form of guarantee of future dividends, return of capital, or the price at which the Shares might trade in the future on the ASX.

6.13.1 Specific Business Risks

(a) Future capital needs and additional funding

The Merger is scheduled to be completed by 27 March 2011 and Auzex has sufficient working capital to ensure that it does not need to raise additional funding prior to completion. In the event that the Merger is not completed on time or Auzex Shareholders do not approve the Merger, Auzex would be required to raise additional capital to fund its share of the development of the Bullabulling Gold Project within one month of the Record Date. There is no guarantee that Auzex will be able to raise the full amount of any additional capital required either at all or on terms acceptable to Auzex. The implications of Auzex being unable to raise additional capital may be significant – in particular, if Auzex is unable to fund its share of an agreed program and budget it is liable to have its interest in the Bullabulling Gold Project diluted and potentially bought out by GGG at a discount to market value.

(b) Acquisition and exploration risk

Mining and exploration activities carry an inherent degree of risk. Various production and operational factors could affect the success of Auzex. These include unanticipated mining or geological conditions, climatic conditions, exploration results, equipment failures, transport interruptions, processing inputs, industrial disputes, cost overruns and other general operating risks.

Auzex shareholders will be exposed to exploration, acquisition, production and operational risks associated with Auzex's business if they elect to remain an Auzex shareholder.

(c) Development risk

Possible future development of mining operations at the Bullabulling Gold Project undertaken by Auzex will be subject to numerous risks. Auzex's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

There is no guarantee that the Bullabulling Gold Project will be developed successfully, become economically viable or successfully enter production.

Development projects may incur further costs than currently anticipated or may be delayed due to the need to obtain regulatory approvals or licences or due to problems with contractors or suppliers, financing issues or accidents during construction or commissioning of mines.

(d) Health and safety

Any future operations of Auzex will be subject to strict health and safety laws and regulations. Auzex may be liable for any conduct which violates such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against Auzex. These events might not be insured by Auzex or may be uninsurable.

In addition, any changes in health and safety laws and regulations may increase compliance costs for Auzex. Such an event would negatively impact the financial results of Auzex.

(e) Native title

Any mining and exploration tenements and other entitlements to property and minerals Auzex may acquire may be affected by native title claims, unregistered agreements, transfers or unknown defects in title. Native title claims and Aboriginal heritage issues may have a material adverse impact on any mineral exploration or development activities Auzex may undertake and may hinder or prevent such exploration and development activities.

(f) Regulatory and legislative risks

Any changes in the laws and regulations under which Auzex operates may adversely impact on Auzex's activities, planned projects and financial results. These laws and regulations include mining and exploration-related laws, laws requiring permits and licences, environmental regulations and health and safety laws and regulations.

(g) Market for shares in Auzex

There can be no guarantee that a liquid market in Auzex shares will exist if the Merger does not proceed. There may be relatively few potential buyers, or many sellers, of Auzex Shares on ASX at any given time. This may affect the prevailing market price at which Auzex shareholders are able to sell their shares. This may result in Auzex shareholders receiving a market price for their Auzex Shares which is less than the Scheme Consideration or the current market price at which Auzex Shares currently trade on ASX.

(h) Reliance on Directors and senior management

The responsibility of day to day management and the strategic management of Auzex is concentrated within a small number of key persons, especially its senior management. If any one of these people ceases their engagement with Auzex, this may have a detrimental impact on Auzex's operations and performance.

(i) Shortages of skilled personnel

The tight labour market, an ageing population and a current skills shortage present challenging conditions in which to recruit staff for Auzex's operations. Not being able to access skilled staff may impact the implementation of Auzex's business strategy and operational targets.

(j) Tenement title risk

Interests in exploration and mining tenements in Australia are governed by State and territory legislation, which covers the granting of leases and licences. Each lease or licence is for a specific term and carries with it annual expenditure, reporting, compliance or compulsory reduction conditions. Consequently, Auzex could lose its title to its interests in tenements if licence conditions are not met or if sufficient funds are available to meet expenditure requirements. If a tenement is not renewed for any reason, Auzex may suffer significant damage through loss of opportunity to discover and develop any material resources on that tenement.

(k) Environmental risks

The operations and proposed activities of Auzex are subject to State and federal laws and regulations concerning the environment. As with most exploration projects and mining operations, Auzex's activities are expected to have an impact on the environment, particularly mine development activities. It is the intention of Auzex to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(l) Insurance

Insurance against all risks associated with mineral exploration activities is not always available or affordable. Auzex will maintain insurances where it is considered appropriate for its needs, however it will not be insured against all risks wither because appropriate cover is not available or because the Auzex Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(m) Litigation risk

Legal proceedings may arise from time to time in the course of Auzex's business and Auzex cannot preclude the possibility that litigation may be brought against it.

6.13.2 General Economic and Market Risks

(a) Commodity Price Risk

Shareholders should consider the impacts of supply and demand for minerals, fluctuations in the prices of minerals, exchange rates, Australia's inflation rates, taxation laws and interest rates. All of these factors have a bearing on operating costs, potential revenue and share prices.

(b) Economic Risk

The market's perception of the value of Auzex Shares can alter significantly from time to time which can cause fluctuations in price. Fluctuations may also occur as a result of factors influencing the price of Shares in exploration and development companies or share prices generally, as well as drilling activities by other parties in the same general region.

(c) Government Approvals

The impact of actions by governments may affect Auzex's operations including matters such as necessary approvals, taxation and royalties which are payable on the proceeds of the sale of any successful production. Further, the ongoing conditions in relation to permits as well as the renewal of permits are each to a certain extent a matter of governmental discretion and no guarantee can be given in this regard.

The above list of risk factors should not be taken as exhaustive of the risks faced by Auzex or by investors. The above factors, and others not specifically referred to above, may in the future materially affect the performance of Auzex and the value of the Shares.

6.14 Continuous Disclosing Entity

Auzex is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Shareholders seeking further information on Auzex are directed to the list of publicly available announcements listed on the ASX (www.asx.com.au, company code 'AZX') or on the Auzex website (www.auzex.com.au).

As at the date of this Booklet, Auzex is not withholding any information from disclosure on the basis of an exception from disclosure in the Listing Rules.





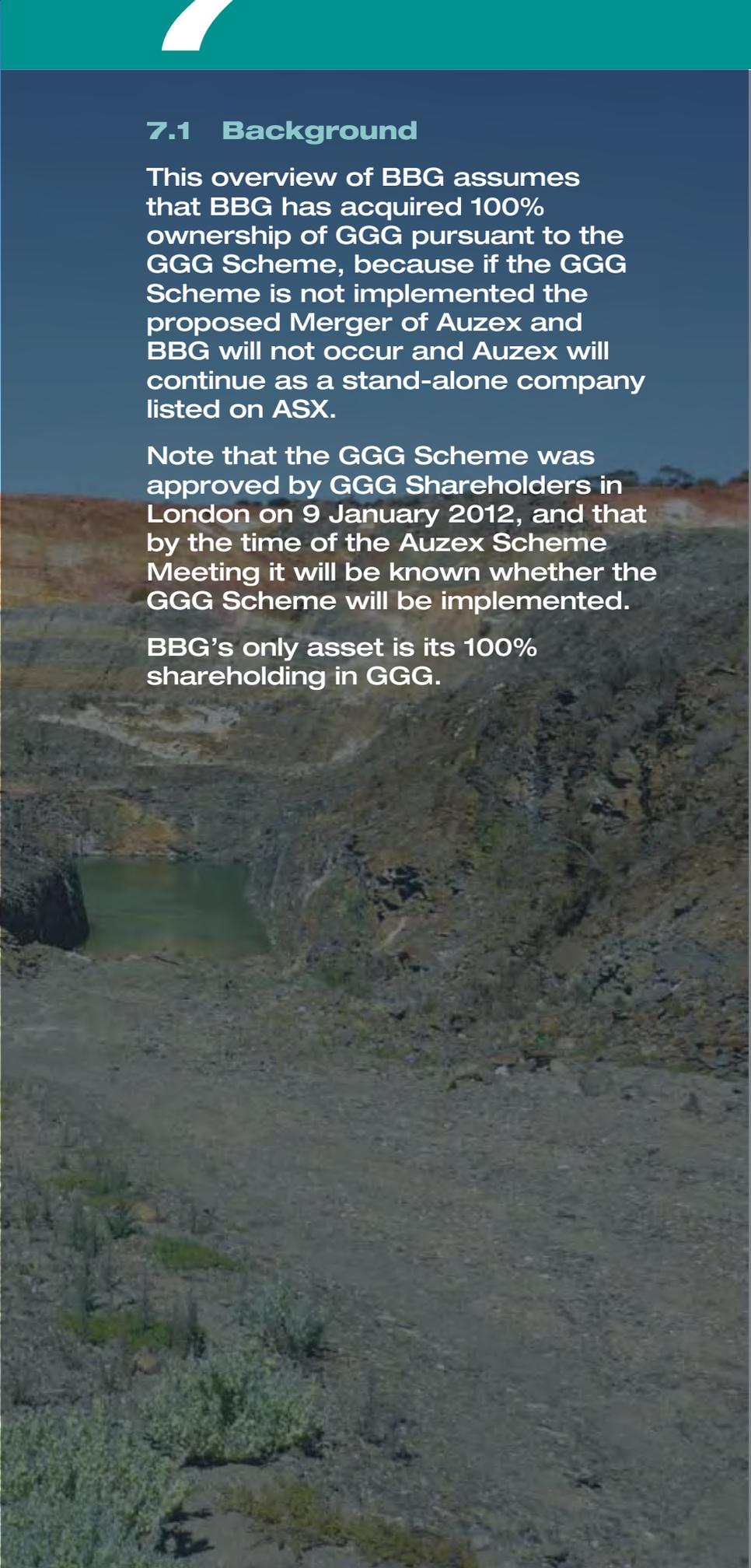
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7.1 Background

This overview of BBG assumes that BBG has acquired 100% ownership of GGG pursuant to the GGG Scheme, because if the GGG Scheme is not implemented the proposed Merger of Auzex and BBG will not occur and Auzex will continue as a stand-alone company listed on ASX.

Note that the GGG Scheme was approved by GGG Shareholders in London on 9 January 2012, and that by the time of the Auzex Scheme Meeting it will be known whether the GGG Scheme will be implemented.

BBG's only asset is its 100% shareholding in GGG.



PROFILE OF BULLABULLING GOLD LIMITED /GGG RESOURCES

7.1.1 Bullabulling Gold Limited

Bullabulling Gold Limited ACN 153 234 532 (**BBG**) was incorporated in Australia and registered in Western Australia on 15 September 2011 under the Corporations Act. It was incorporated with three issued ordinary shares of no par value held one each by Mr Jeffrey Malaihollo, Mr David McArthur and Mr Nigel Clark. On 4 October 2011 Mr McArthur transferred his share to Mr Michael Short. Messrs Malaihollo, McArthur, Clark and Short are directors of GGG and BBG.

The registered office, principal place of business and place of management and control of BBG is at 41 Stirling Hwy, Nedlands, Perth WA 6009. BBG's website address is www.bullabullinggold.com.

BBG has not traded since incorporation and has undertaken no activities other than those associated with its administration, the GGG Scheme and proposed admission to ASX and AIM.

It is intended that BBG will acquire the entire share capital of GGG pursuant to the GGG Scheme, which was approved by GGG Shareholders on 9 January 2012 and is subject to the sanction of the court expected to occur on 29 February 2012. As a result of the GGG Scheme GGG will redomicile from the United Kingdom to Australia by becoming a wholly owned subsidiary of BBG, which will apply for admission to both ASX and AIM.

Pursuant to the GGG Scheme GGG Shareholders will have their GGG Shares cancelled and upon the GGG Scheme becoming effective will be entitled to receive one new BBG Share for every GGG share held. The BBG Shares to be issued will be allotted and issued credited as fully paid, and BBG will apply for its shares to be admitted to trading on ASX and AIM.

7.1.2 History of GGG

GGG was incorporated in England and Wales as Central China Goldfields plc on 3 November 2004 under the UK Companies Act 1985 (Company number 05277251). On 16 August 2010 GGG changed its name to GGG Resources plc. Its shares were admitted to trading on AIM, a market operated by the London Stock Exchange plc, in March 2005.

GGG started as a gold and copper company, with a Chinese focus within an Asia-wide brief. In July 2009, GGG's main asset, the Nimu project, was sold to GGG's joint venture partner for Renmimbi 71 million (net of liabilities).

In February 2010 GGG signed an option to acquire 50% of the Bullabulling Gold Project, following which it completed a detailed due diligence process and ultimately acquired a 50% interest from Jervois Mining Ltd in August 2010. The remaining 50% of the project was acquired by Auzex at that time.

In May 2010 Auzex and GGG formed an unincorporated joint venture (the Bullabulling Joint Venture) and executed a joint venture agreement. Refer to section 6.12.4 of this Booklet for a summary of the Bullabulling Joint Venture Agreement.

In March 2011 GGG issued an all scrip takeover bid for Auzex Resources which lapsed on 5 September 2011 following the announcement by Auzex and GGG on 29 August 2011 of a proposed recommended friendly merger between Auzex and GGG.

Profile of Bullabulling Gold Limited/GGG Resources

7.2 Strategy of GGG

GGG's core business strategy is the development of its 50% joint venture interest in the Bullabulling Gold Project.

Subject to GGG shareholders' and court approval of the GGG Scheme, completion of the Auzex Scheme and the approval of the Court, GGG will Merge with Auzex, which holds the other 50% of the Bullabulling Gold Project, by means of both Auzex and GGG becoming wholly owned subsidiaries of BBG.

If the proposed Merger with Auzex does not proceed as proposed, GGG will continue to develop focus on the Bullabulling Gold Project.

7.3 BBG Directors

Following are the persons to be the directors of BBG if the GGG Scheme is implemented and GGG becomes a wholly owned subsidiary of BBG. The BBG board will be restructured if the Merger with Auzex is implemented, as detailed in section 8.4 of this Booklet.

Dr. Peter Antony Ruxton – Non-executive Chairman

Dr Peter Ruxton, who holds dual Australian and British citizenship, spent 16 years in the mining industry focused on Australia and SE Asia. Between 1981 and 1994, Peter worked for Billiton Australia (the Shell Company of Australia's Metals Division) progressing from Exploration Geologist to Regional Exploration Manager.

From 1994 to 1997 he was Exploration Manager of Brisbane-based mid-tier gold producer Ross Mining N.L. responsible for all geological functions in the company and the co-ordination of a positive bankable feasibility study on the Gold Ridge Mine in the Solomon Islands - this world class gold mine commenced production in August 1998.

In late 2000 Peter was appointed Investment Manager for the Commonwealth Development Corporation (CDC Plc) before moving to Actis LLP in 2004 as an Investment Principal, joining the partnership between 2006 and 2008. At Actis he was responsible for initiating, managing and exiting over US\$180 million worth of private equity mining investments in emerging markets. Peter is currently a non-executive director of AIM-listed Platmin Ltd, TSX-listed Banro Corporation and is the Managing Director of TSXV-listed Gentor Resources Inc.

Dr. Jeffrey Francis Anthony Malaihollo – Managing Director

Dr Jeffrey Malaihollo worked for Newcrest on grass roots exploration for gold and base metals before joining Rio Tinto, working mainly on area selection and project evaluation in the Former Soviet Union and Indonesia.

Subsequently he worked and consulted for Billiton on generative programmes and target selection in South East Asia, China and Eastern Europe.

From 2000 to 2004, Jeff was an Executive Director at Loeb Aron & Company Ltd, City-based corporate financiers specialising in natural resources.

David McArthur – Finance Director

David McArthur is a qualified Chartered Accountant who has spent almost 30 years working in the publicly-listed resources sector.

An Australian, David's experience includes taking companies from start up through to successful gold mining operations, an example of which is the Kundana mine, a gold producer based just outside of Kalgoorlie.

David was appointed CFO and Finance Director of the ASX-listed gold producer Dioro Exploration NL, a 100,000 ounce+ per annum producer also in Kalgoorlie, where he worked for 15 years.

Through his involvement in numerous funding arrangements, David is familiar with all forms of mining project finance. Equally importantly, he is experienced in the many forms of hedging and price protection strategies available to gold producers.

Profile of Bullabulling Gold Limited/GGG Resources

Ciceron 'Jun' Angeles – Technical Director

Jun Angeles is a geologist with over 30 years of experience in gold-base metal exploration in Asia, mainly Indonesia, Philippines, China, Malaysia, and Iran, with minor assignments in Vietnam, Fiji, Papua New Guinea, Myanmar and Kyrgyzstan. His specialisations include epithermal gold-silver, porphyry copper-gold and Carlin styles of mineralisation.

He obtained his MSc in Mineral Exploration from the University of New South Wales, Australia in 1985 and is a Fellow and Chartered Professional in Geology (CPGeo) of the Australasian Institute of Mining and Metallurgy (AusIMM). Jun was the Asia Exploration Manager for Newcrest Mining during which time Newcrest brought the Gosowong Mine into production. Since February 2006, Jun has been the Exploration Manager and latterly VP Exploration of the Company when it discovered the large Nimu copper-molybdenum deposit. Jun is currently an independent non-executive Director of Medusa Mining Limited, a company listed on the UK's London Stock Exchange and the ASX in Australia.

Michael John Short – Non-executive Director

Michael Short, born in Sydney, Australia, has 35 years of project management and site construction experience on a broad range of projects. For the last 30 years, Michael has focused on the engineering, design and construction of gold and copper/lead/zinc ore treatment plants in Australia, Africa, Central Asia, Russia, Europe and Asia.

During this period he has acted as Project Manager and Site Construction Manager on greenfield plants, as well as on the extension of existing plants, and has gained significant experience in the preparation, administration and implementation of projects. Michael is the Managing Director of GBM Minerals Engineering Consultants Ltd.

Nigel Bruce Clark OBE – Non-executive Director

Nigel Clark has over 30 years' experience in new business development and management in the precious and base metals industry. He started working for Billiton in Brazil as an exploration geologist, later as an exploration manager in Portugal and Indonesia, as well as a general manager of both underground and open-pit gold mines in Indonesia, business development manager in Singapore and ultimately as general manager in China. Nigel was awarded an OBE (Officer of the Order of the British Empire) in the 2011 New Year's Honours' List.

Paul Mc Groary – Non-Executive Director

Paul Mc Groary is a Director of Marshall Lake Mining plc a copper zinc exploration company focussed on Ontario, Canada. Paul has held several other directorships within the quoted natural resources sector, including mining projects in Canada, Chile as well as an Central Asian oil explorer.

7.4 Directors' interests in GGG Shares and BBG Shares

As at the date of this Booklet, and upon the GGG Scheme becoming effective and GGG becoming a wholly owned subsidiary of BBG, the interests of the GGG directors in the share capital of GGG and BBG within the meaning of section 820 of the 2006 UK Companies Act (including all family and corporate interests as defined, respectively, in sections 822 and 823 of the Act) will be as follows:

(a) Interests in issued BBG Share Capital

Director	GGG Shares as at the date of this Booklet	BBG Shares on the GGG Scheme becoming effective
Peter Ruxton	1,283,668	1,283,668
Jeffrey Malaihollo	1,726,799	1,726,799
David McArthur	Nil	Nil
Ciceron Angeles	294,933	294,933
Michael Short	1,333,333	1,333,333
Nigel Clark	2,138,616	2,138,616
Paul McGroary	4,810,312 ¹	4,810,312

¹1,620,312 of Paul McGroary's GGG Shares are held, and 1,620,312 of Paul McGroary's New BBG Shares will be held, through Marshall Lake Mining Plc, a company of which Paul McGroary is a majority shareholder and Chairman

Profile of Bullabulling Gold Limited/GGG Resources

(b) Interests in issued BBG options

Director	GGG Options as at the date of this Booklet	BBG Options on the GGG Scheme becoming effective
Peter Ruxton	2,175,000	2,175,000
Jeffrey Malaihollo	2,905,000	1,530,000
David McArthur	375,000	375,000
Ciceron Angeles	1,200,000	900,000
Michael Short	1,450,000	1,450,000
Nigel Clark	1,300,000	700,000
Paul McGroary	1,450,000	1,250,000

7.5 Business strategy

BBG's core business strategy following the Merger will be the development of its 100% owned Bullabulling Gold Project.

7.6 Capital Structure and ownership of Bullabulling Gold Limited upon the GGG Scheme being implemented

Issued Shares

Class of Security	Number on Issue
Fully paid ordinary Shares	170,680,298

Upon the GGG Scheme being implemented, assuming that no GGG Shares or BBG Shares are issued in the period from the date of this Booklet document to the date the GGG Scheme is effective, BBG will have 170,680,298 issued shares.

Options

As at the date of the Booklet GGG has the following GGG Options on issue:

Details	Number on Issue
GGG Options, 38p exercise price, expiring 23 February 2012	200,000
GGG Options, 32p exercise price, expiring 23 February 2012	3,075,000
GGG Options, 7p exercise price, expiring 6 October 2014	500,000
GGG Options, 8p exercise price, expiring 23 April 2015	3,425,000
GGG Options, 10p exercise price, expiring 30 June 2015	1,150,000
GGG Options, 40p exercise price, expiring 23 November 2015	3,630,000

GGG is implementing arrangements with GGG Option holders whereby GGG Options which are outstanding on the GGG Scheme be coming effective, expected to be 29 February 2012, will be cancelled and the option holders will be granted BBG Options on the basis of one BBG Option for each GGG Option held.

Profile of Bullabulling Gold Limited/GGG Resources

As at 10 February 2012, GGG's ten largest shareholders are:

Shareholder	Number of GGG Shares	Percentage Shareholding
1 TD Direct Investing Nominees (Europe) Limited	13,351,445	7.82%
2 The Bank of New York (nominees) Limited	9,220,000	5.40%
3 LR Nominees Limited <Nominee>	7,152,537	4.19%
4 Auzex Exploration Limited	7,022,472	4.11%
5 HSBC Global Custody Nominee (UK) Limited	6,384,574	3.74%
6 HSBC Global Custody Nominee (UK) Limited	6,000,166	3.52%
7 Barclayshare Nominees Limited	5,796,586	3.40%
8 HSBC Global Custody Nominee (UK) Limited	4,725,000	2.77%
9 Vidacos Nominees Limited	4,715,000	2.76%
10 Hargreaves Lansdown (Nominees) Limited	4,116,673	2.41%

As at the date of this Booklet, GGG has the following Substantial Shareholders:

Shareholder	Number of GGG Shares	Percentage Shareholding
Baker Steel Capital Managers	20,234,574	11.86%
BlackRock Investment Management (UK) Limited	9,963,829	5.84%
Auzex Exploration Limited	7,022,472	4.11%

As at the date of this Booklet:

- The top twenty holders of ordinary equity held 109,282,319 GGG shares representing 64.03% of total BBG shares.
- GGG Directors held or controlled 11,587,661 GGG shares representing 6.79% of total GGG shares.



Profile of Bullabulling Gold Limited/GGG Resources

7.7 GGG recent share price performance

The chart below shows the closing price of GGG shares on AIM over the 12 month period up to (and including) 16 February 2012.

GGG Resources plc - 12 month chart



Diagram 7.1 Closing price of GGG Resources plc on the AIM over the 12 month period up to and including 16 February 2011

The closing price of GGG Shares on AIM as at 16 February 2012 (last trading day immediately before the date of this booklet) was 16.00p.

The last recorded sale price for GGG Shares on AIM before the public announcement of the Merger was 18.25p on 26 August 2011.



Profile of Bullabulling Gold Limited/GGG Resources

7.8 GGG Financial information

7.8.1 Introduction

This section contains a summary of the historical financial information for GGG Resources as at 30 November 2011 and has been prepared for the purposes of this Booklet.

The information is intended to be illustrative only. It is not a forecast and will not necessarily reflect the actual position and balances on completion of the Merger or on any other date.

GGG consolidated balance sheet (unaudited management accounts)

30 November 2011

CURRENT ASSETS

Cash	12,936,610
Term Deposits (secured)	621,788
Receivable from GGG Resources	
Other Receivables and prepayments	386,337
Total Current Assets	13,944,735

NON CURRENT ASSETS

Investments – Shares in AZX Resources	4,808,498
Deferred Exploration Expenditure	12,047,911
Property Plant & Equipment	422,508
Total Non Current Assets	17,278,917
TOTAL ASSETS	31,223,652

CURRENT LIABILITIES

Payables	217,347
Payables to AZX	1,019,619
Merger costs payable	
Provision for Employee Benefits	
Provision for Rehabilitation	308,700
Total Current Liabilities	1,545,666
TOTAL LIABILITIES	1,545,666
NET ASSETS	29,677,986

SHAREHOLDERS' EQUITY

Contributed Equity	36,671,678
Other Reserves	4,395,060
Retained profits/(losses)	(11,388,752)
Total Parent Entity Equity Interest	29,677,986
TOTAL SHAREHOLDERS' EQUITY	29,677,986

Profile of Bullabulling Gold Limited/GGG Resources

7.9 Subsidiaries

GGG has the following wholly owned subsidiaries, which upon the GGG Scheme being implemented will become wholly owned subsidiaries of BBG:

Name	Place of incorporation
Nexon Asia Group Ltd	British Virgin Islands
CCG Copper Ltd	British Virgin Islands
Central China Minerals Ltd	British Virgin Islands
GGG Mining Ltd	British Virgin Islands
CCG Korea Ltd	British Virgin Islands
Central China Goldfields Limited	United Kingdom
GGG Australia Pty Ltd	Australia

GGG holds a 50% interest in BBG Management Pty Limited, an Australian incorporated company incorporated to manage the Bullabulling Joint Venture. The other 50% is held by Auzex. Refer to section 6.12.3 for more information.

7.10 Rights attaching to BBG Shares

General

The rights and liabilities attaching to BBG Shares are set out in its constitution, and are regulated by the Corporations Act, the ASX Listing Rules, the AIM Rules and the general law. Set out below is a summary of the principal rights and liabilities attaching to BBG Shares. This summary is not exhaustive and is not a definitive statement of the rights and liabilities of shareholders.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of BBG Shares every shareholder present at a general meeting, in person or by proxy, representative or attorney has one vote on a show of hands and on a poll, one vote for each fully paid BBG Share.

The holder of partly paid shares has such number of votes in respect of the share on a poll that is equivalent to the proportion that the amount paid (excluding any amount paid or credited as paid in advance of a call) on the shares bears to the total issue price of the share. A shareholder is not entitled to vote at a general meeting unless all calls and other sums presently payable by the member in respect of a share have been paid.

Where a BBG Shares is jointly held, only one of the joint holders may vote.

General meeting and notices

Each BBG shareholder is entitled to receive notice of, and to attend and vote at BBG's general meetings and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the ASX Listing Rules or the AIM Rules.

Dividends

Subject to the Corporations Act and the rights of persons (if any) entitled to shares with special rights to dividends, BBG's profits which the BBG Directors determine to distribute by way of dividends are divisible amongst the holders of BBG Shares in proportion to the amounts paid (excluding amounts credited) on the BBG Shares.

Variation of class rights

At present, the Company only has ordinary shares on issue. The rights and restrictions attaching to a class of shares can only be altered with the written consent of holders of at least 75% of the shares issued in that class or with the approval of a special resolution passed at a meeting of holders of the shares of that class.

Profile of Bullabulling Gold Limited/GGG Resources

Further issues of BBG Shares and options

BBG Directors may, subject to the Corporations Act, the ASX Listing Rules, the AIM Rules or any special rights conferred on the holders of any BBG Share or class of shares, issue BBG shares or grant options over BBG shares to any person at any time and on any terms and conditions as they think fit.

Pre-emptive rights

BBG shareholders do not have any pre-emptive rights under the BBG constitution. Under the ASX Listing Rules, certain restrictions apply to a listed company offering its shares otherwise than pro rata among shareholders.

Winding up

Subject to the rights of holders of shares issued on special terms and conditions, on a winding up of BBG, the liquidator may, with the sanction of a special resolution of BBG, divide among the shareholders in kind the whole or any part of BBG's property. The liquidator may set such value as it deems fair on any property to be so divided and may determine how the division is to be carried out as between shareholders or different classes of shareholders.

Small holdings

Subject to the ASX Listing Rules and ASX Settlement Operating Rules, the Company may sell the shares of a BBG shareholder who holds less than a marketable parcel of BBG shares.

Buy backs

Subject to applicable laws, in particular the Corporations Act, the ASX Listing Rules and the AIM Rules, BBG may buy back its shares on such terms and conditions as the BBG Board may determine from time to time.

Transfer of shares

Subject to the ASX Listing Rules, the AIM Rules, the ASX Settlement Operating Rules and the BBG constitution, BBG Shares are transferable in accordance with CHESS (for CHESS Approved Securities), by instrument in writing in any usual or common form or in any other form that the BBG Directors approve. BBG Directors may, subject to the requirements of the ASX Listing Rules, request its share registry to apply a holding lock to prevent a transfer of BBG Shares in BBG.

Forfeiture after failure to pay calls on partly paid shares

If a shareholder fails to pay a call or another amount that is payable on BBG Shares within 14 days after the date for payment has expired, then after notification, and before payment, BBG Directors may resolve that the shareholder has forfeited those BBG Shares. A forfeited BBG Share is deemed to be the property of BBG, and subject to the Listing Rules and the ASX Settlement Rules, may be sold or otherwise disposed of on such terms and in such manner as the BBG Directors think fit.

Holding statements

BBG will apply to participate in CHESS, in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules, for those investors who have, or wish to have, a sponsoring stock broker. BBG shareholders who do not wish to participate through CHESS will be issuer sponsored by BBG.

Electronic sub-registers mean that BBG will not be issuing share certificates to BBG Shareholders. Instead, following the issue of BBG Shares comprising the Scheme Consideration, BBG shareholders will be sent an initial statement of holding (similar to a bank account statement) that sets out the number of BBG Shares which have been issued to them. That statement will also provide details of the shareholder's holder identification number (HIN) in the case of a holding on the CHESS sub register, or security holder reference (SRN) in the case of holding on the issuer-sponsored subregister. BBG shareholders will be required to quote their HIN or SRN, as applicable in all dealings with a stockbroker or the BBG Share Registry. An updated holding statement will be sent to a BBG shareholder at the end of each month where the balance of the shareholder's holding of BBG Shares changes.

Profile of Bullabulling Gold Limited/GGG Resources

CREST

Shareholders who wish to hold their BBG Shares in a CREST account (the equivalent in the UK of a CHESS account) will not be issued New BBG Shares. Instead, they will be issued with depositary interests (**BBG DIs**) representing their BBG Shares and the BBG DIs will be credited to their CREST accounts. The reason for this is that, as BBG is an Australian incorporated company, its securities cannot be electronically settled through CREST, but are instead issued to a depositary (in this case Computershare Investor Services plc), who will hold the your New BBG Shares on trust for the underlying shareholder and issue you with BBG DIs, which can be electronically settled through CREST.

Directors

The minimum number of BBG Directors is three and the maximum nine. The BBG Board may appoint new directors subject to the number of BBG Directors not being more than the permitted maximum of nine. Except for the BBG managing director, and subject to the Corporations Act and the ASX Listing Rules, a BBG Director must retire from office or seek re-election by no later than the third annual general meeting following his or her appointment or election or three years, whichever is longer. At least one BBG Director must retire from office at each annual general meeting. A retiring BBG Director is eligible for re-election.

Indemnities and insurance

BBG must to the extent permitted by law and subject to the Corporations Act, indemnify current and past BBG Directors, secretaries and executive officers of BBG against a liability incurred by the person acting in that capacity and against all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity.

Amendment of the BBG Constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the members of the company. BBG constitution does not impose any further requirements to be complied with to effect a modification of the constitution, or to repeal it.

7.11 Material Contracts

7.11.1 Bullabulling Sale and Purchase Agreement

GGG acquired its 50% interest in the Bullabulling Project under a sale and purchase agreement dated 22 April 2010 between Jervois Mining Limited (**Jervois**), Goldpride Pty Ltd and Auzex. See section 6.12.1 of this Booklet for a summary of the Sale and Purchase Agreement.

7.11.2 Merger Implementation Agreement

GGG has entered into the Merger Implementation Agreement dated 17 September 2011 with Auzex to set out the terms on which Auzex and GGG will effect the Merger. See section 11.3 of this Booklet for a summary of the Merger Implementation Agreement.

7.11.3 Management of the Bullabulling Gold Project

Pursuant to the MIA Auzex and GGG agreed to establish an operating company for the Bullabulling Gold Project and to enter into a management agreement and shareholders agreement in relation to this. See section 6.12.3 of this Booklet for summary of the arrangements for management of the Bullabulling Gold Project.

7.11.4 Bullabulling Joint Venture Agreement

See section 6.12.4 of this Booklet for summary of the Bullabulling Joint Venture Agreement.

7.11.5 Option to purchase the Geko Gold Project, Coolgardie, Western Australia

On 24 January 2012 Auzex and GGG executed an option to purchase agreement to acquire 100% of the Geko Gold Project, located approximately 17 kilometres north of the Bullabulling Gold Project near Coolgardie in the eastern goldfields of Western Australia.

Refer to section 6.12.8 of this Booklet for further details.

7.11.6 Appointment of directors

(a) Letter of Appointment – Michael Short

By way of a letter of appointment dated 2 June 2010 between GGG and Michael Short, Mr. Short was appointed as a non executive director of GGG. The agreement is renewable on an annual basis but in any event may be terminated by either party serving at least 3 months' written notice on the other. The letter of appointment contains provisions for early termination in the event, amongst other things, of a material or persistent breach by the director. Mr. Short is required to work 18 days annually for GGG and receives an annual fee of £12,000 payable monthly in arrears. The letter of appointment contains post termination restrictions.

(b) Letter of Appointment – David McArthur

By way of a letter of appointment dated 15 March 2011 between GGG and Mr McArthur, Mr McArthur was appointed as a Financial Director of GGG. The letter of appointment has an initial term of 12 months, commencing on 16 March 2011 with an option for a further 12 month term if Mr McArthur and GGG agree.

Mr McArthur is required to work 5 days per month for GGG and will receive an annual fee of £12,000 plus A\$40,000 payable pursuant to an executive services agreement between GGG Australia Pty Ltd and Mr McArthur dated 21 October 2010, payable monthly in arrears. If Mr McArthur works more than five days per month, he will receive an addition AUD\$1,000 per day for every additional day worked. GGG will reimburse Mr McArthur for all reasonable travelling and subsistence expenses incurred by Mr McArthur in the performance of his duties that are evidenced. The letter of appointment contains post termination restrictions. The letter of appointment may be terminated by either party by giving three months' written notice.

7.12 Continuous Disclosing Entity

GGG is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Shareholders seeking further information on GGG are directed to the list of publicly available announcements listed on the ASX (www.asx.com.au, company code 'GGB') or on GGG's website (www.gggresources.com).

As at the date of this Booklet, GGG is not withholding any information from disclosure on the basis of an exception from disclosure in the Listing Rules.



8

8.1 Introduction

This section of the Booklet sets out the profile of the Merged Group immediately after the Merger.

If the Merger with GGG Resources plc (**GGG**) is implemented Auzex will become a wholly owned subsidiary of Bullabulling Gold Limited (**BBG**) together with GGG, and Auzex Eligible Scheme Shareholders will become shareholders in BBG.

PROFILE OF THE MERGED GROUP

8.2 Overview of the Merged Group

After the Merger, BBG will be listed on ASX with a secondary listing on AIM. The Merger is conditional upon such listing occurring.

BBG's focus will be the development of the Bullabulling Gold Project. BBG will have:

- 100% ownership of the Bullabulling Gold Project.
- JORC Indicated and Inferred mineral resources of 2.60 million ounces of gold.
- A proven entrepreneurial and operational management team with complementary skill sets, focused on maximizing shareholder value.
- Potentially a substantial re-rating potential through the consolidation of the Bullabulling Gold Project into one vehicle.

8.3 Strategy of the Merged Group

BBG will be focused on becoming a successful mid-tier Australian gold producer. The Auzex Directors believe that there is potential to explore and produce gold at the Bullabulling Gold Project for a minimum of 10 years and that the key to unlocking the full potential is by combining the right mix of both exploration and operational skills which Auzex and GGG currently have at both Board and management level.

The strategic objective is to take the Bullabulling Gold Project through to completion of a bankable feasibility study, and to development and production within an estimated three year timeframe. BBG will continue to implement an exploration, feasibility and development program in line with Auzex's and GGG's strategic objectives.

8.4 Directors of the Merged Group

8.4.1 Proposed structure of the BBG Board of Directors

Pursuant to the Merger Implementation Agreement, on the Effective Date the BBG Board will be comprised by:

- (a) Two non-executive directors nominated by BBG, being Nigel Clark and Jeffrey Malaihollo.
- (b) Two non-executive directors nominated by Auzex, being Chris Baker and John Lawton.
- (c) An independent non-executive chairman, managing director and independent non-executive director, to be selected and appointed in accordance with the executive search procedure specified in the Merger Implementation Agreement.

In particular, pursuant to the Merger Implementation Agreement Auzex and BBG must seek to appoint the three independent (non-aligned) directors, being the non-executive chairman, managing director and independent non-executive director, to the BBG Board as soon as possible.

The new chairman is to be selected as follows:

- Auzex and BBG each have the right to nominate candidates and procure nomination of candidates from major institutional shareholders;
- such nominations are to be given to an independent professional search consultant tasked with identifying any other suitable candidates, contacts, interviews, short lists and recommendations; and
- Auzex and BBG will have no veto rights of independently presented, properly qualified candidates.

Auzex and GGG have initiated a professional executive search for suitably qualified candidates to accelerate the appointment process. The appointment of the directors of BBG will be subject to approval by BBG's Nominated Advisor in the United Kingdom.

Profile of the Merged Group.

8.4.2 Profiles of BBG Management Pty Ltd Directors

Since the signing of the MIA, the Bullabulling Gold Project has been managed by an operating company BBG Management Pty Ltd. The company, which is jointly owned by AZX and GGG, has a board of six directors, being Nigel Clark and Chris Baker as joint chairmen, John Lawton and Jeffrey Malaihollo as joint managing directors, and Michael Short and Greg Partington.

A brief description of the qualifications the directors is set out below.

Chris Baker – Non-executive Joint Chairman

B.Sc(Hons.), MBA, FAusIMM, IOD

Chris Baker is a Company Director with in excess of 30 years experience in the Australian and New Zealand resources sector. His background is as a metallurgist and his experience includes technical, operational and management roles in the mining sector including gold, uranium, tungsten, titanium, and coal. He has been involved in project development, has extensive experience in Joint Ventures and governance and has a broad and practical understanding of the mining industry and the multitude of disciplines that comprise successful projects and successful companies.

Chris has a Bachelor of Science (Hons) in Mineral Technology, and an MBA, both from Otago University, and is a Fellow of the Australasian Institute of Mining and Metallurgy. He is a member of the Institute of Directors (NZ).

Chris was previously an Alternate Director of Ross Mining NL until 2000 and currently holds a number of management and governance positions in New Zealand and Australia, including Chairman of the Coal Association of New Zealand, CEO of Straterra, a group that represents the mining industry in New Zealand, Executive Chairman of the NZCCS Partnership, Director of the Canberra based CO2CRC, and Director of Saunders Unsworth Ltd (a Wellington based consultancy).

Nigel Clark OBE – Non-executive Joint Chairman

Nigel Clark has over 30 years' experience in new business development and management in the precious and base metals industry. He started working for Billiton in Brazil as an exploration geologist, later as an exploration manager in Portugal and Indonesia, as well as a general manager of both underground and open-pit gold mines in Indonesia, business development manager in Singapore and ultimately as general manager in China. Nigel was awarded an OBE (Officer of the Order of the British Empire) in the 2011 New Year's Honours' List.

John Lawton – Joint Managing Director

B.Sc. (App.Sci.), MAusIMM, MAICD

John Lawton has a career spanning almost 40 years in the resources industry from exploration geology associated with gold, tin, base metals and uranium deposits to project development and corporate management, and is fortunate to have been associated with a number of discoveries and developments in that time.

In the mid 1980's - 2000, John was an executive Director of Ross Mining NL, a company he co-founded, which became a respected mid-tier gold producer through the 1990's, developing seven gold mines in Queensland, New South Wales and the Solomon Islands which delivered dividends to shareholders. Ross operated low grade gold deposits at low cash cost in a low gold price regime using innovative operation practices. He founded Auzex in 2003 and funded its early development through to ASX listing in 2005.

John has a B.Sc in Applied Geology and is a member of The Australasian Institute of Metallurgy and the Australian Institute of Company Directors. He is Chairman of Peninsula Goldfields Pty Ltd.

Jeffrey Malaihollo – Joint Managing Director

Ph.D., MAusIMM, FGS

Jeff Malaihollo worked for Newcrest on grass roots exploration for gold and base metals before joining Rio Tinto, working mainly on area selection and project evaluation in the Former Soviet Union and Indonesia.

Subsequently he worked and consulted for Billiton on generative programmes and target selection in South East Asia, China and Eastern Europe.

From 2000 to 2004, Jeff was an Executive Director at Loeb Aron & Company Ltd, City-based corporate financiers specialising in natural resources.

Profile of the Merged Group.

Michael Short – Non-executive Director

Michael Short, born in Sydney, Australia, has 35 years of project management and site construction experience on a broad range of projects. For the last 30 years, Michael has focused on the engineering, design and construction of gold and copper/lead/zinc ore treatment plants in Australia, Africa, Central Asia, Russia, Europe and Asia.

During this period he has acted as Project Manager and Site Construction Manager on greenfield plants, as well as on the extension of existing plants, and has gained significant experience in the preparation, administration and implementation of projects. Michael is the Managing Director of GBM Minerals Engineering Consultants Ltd.

Greg Partington – Executive Director of Operations

Ph.D., MAusIMM

Dr Greg Partington has more than 30 years experience in the minerals industry both in exploration and mining. He started work as an underground geologist for Western Mining and has worked in various mining and exploration management roles since. His experience with Northern Gold and Ross Mining has given him a sound understanding of what is required to find and develop economic ore bodies.

He has been involved in several discoveries during his time in mineral exploration where he actively managed the development and feasibility studies of these projects that include gold, tin and tantalum mineralisation. He also has been continuously active during this period in geoscientific research and has published a number of papers on research into Archaean Gold mineralisation. He has successfully developed and managed several listed exploration companies, and part owns a company based in Wellington NZ and Perth WA, Kenex Knowledge Systems, focusing on creating business opportunities in the spatial world. Greg is now employed solely working as the operations director of Auzex Resources where he is responsible for the development of the Bullabulling Gold Project.

Greg has a PhD in economic geology from the University of Western Australia and is a member of the AusIMM, and has expertise in mineral exploration, structural geology, database development and management, spatial analysis of data using Geographic Information Systems (GIS), resource development and business management.

8.5 Operations of the Merged Group - the Bullabulling Gold Project

Following completion of the Merger, BBG will hold 100% of the Bullabulling Gold Project (previously held 50% by Auzex and 50% by GGG).

The Bullabulling Gold Project is located approximately 60 kilometres south west of Kalgoorlie, Western Australia in the highly prospective Eastern Goldfields and contains a mineral resource of 2.60 million ounces of gold.

Further information on the Bullabulling Gold Project is set out in section 5 of this Booklet.

8.6 Capital Structure and Ownership

(a) Share capital

Although Auzex and GGG each hold a 50% interest in the Bullabulling Gold Project, GGG holds greater Net Cash Assets than Auzex and so will make a greater contribution to the Merger to the extent of those additional Net Cash Assets.

To correct this unequal contribution to the Merger, GGG will subscribe for Auzex Shares sufficient to equalise the Net Cash Assets of Auzex and GGG. Pursuant to this “Cash Balancing Adjustment”:

- the Net Cash Assets of each of Auzex and GGG will be calculated 14 days before the Auzex Scheme Record Date; and
- GGG will use its excess cash to subscribe for Auzex Shares at an issue price equal to a 10% discount to the 5 day VWAP of Auzex Shares on ASX ending on the day that is eight days before the Scheme Meeting.

The subscription of cash by GGG will increase Auzex’s Net Cash Assets, and reduce GGG’s Net Cash Assets, so that each of Auzex and GGG will have materially the same Net Cash Assets when the Merger is implemented (noting that GGG’s Net Cash Assets include its shareholding in AEL having an agreed value of \$800,000), thereby ensuring that Auzex and GGG contribute equally to the Merger.

Profile of the Merged Group.

The calculation of each party's Net Cash Assets, the Cash Balancing Amount and the Cash Balancing Subscription Price is anticipated to occur on 14 March 2012 with the Cash Balancing Adjustment to take place after the Effective Date but before the Record Date.

The determination of the Net Cash Assets, Cash Balancing Amount and Cash Balancing Subscription Price before the Scheme Meeting allows the Share Scheme Ratio, and so the Scheme Consideration, to be known with certainty at the time of the vote on the Scheme at the Scheme Meeting.

GGG currently holds 10,266,667 Auzex Shares totalling approximately 7.31% of Auzex's issued Shares. GGG will be issued with additional Auzex Shares following the completion of the Cash Balancing Adjustment. As GGG will not be issued with additional BBG shares in return for its shareholding in Auzex, the number of shares that are to be received by Auzex Shareholders is to be adjusted having regard to the formula (Scheme Consideration Calculation) set out in the MIA. The Scheme Consideration Calculation is outlined in Section 10.2(b) of this booklet.

A Comparison of the capital Structure, before and after the Merger under various scenarios is outlined in Appendix B, section B3.4 of the Independent Expert's Report.

(b) Options

On (and assuming) implementation of the Merger, the number of BBG Options on issue will depend on the terms of the arrangement between BBG and GGG regarding GGG Options (see section 7.6 of this Booklet), and the number of BBG Options to be issued pursuant to the ESOP Options Exchange Arrangement (refer section 11.12).

Appendix B of the Independent Expert's Report contains projections regarding the possible issues of BBG Options on implementation of the Merger – see particularly section B.3.5 and B.6 of that Appendix B.

8.7 Intentions of Auzex and GGG in relation to BBG

This section sets out the intentions of Auzex and GGG in relation to Bullabulling Gold if the Merger is completed. The statements in this section reflect the intentions of Auzex and GGG at the date of this Booklet only:

(a) Corporate matters in relation to Auzex

If the Merger is implemented it is intended that:

- Auzex will be removed from the official list of the ASX; and
- as Auzex will be a wholly owned subsidiary of BBG, the Auzex Board will be reconstituted so that it comprises persons nominated by the BBG Board.

(b) Continuation of Auzex and GGG business

It is the intention of Auzex and GGG that BBG will continue to operate and develop the Bullabulling Gold Project in the same manner as they currently jointly develop the project. No major changes are planned in respect of the development of the Bullabulling Gold Project that will be 100% owned by BBG.

Following the implementation of the Merger BBG will be funded to continue the development of the Bullabulling Gold Project. The board of BBG will decide how the development of the Bullabulling Gold Project is to be funded following implementation of the Merger having regard to the cash position and ongoing funding requirements of BBG.

(c) Head office

BBG's corporate headquarters will be based at 41 Stirling Highway, Nedlands Western Australia 6009.

(d) Board and governance

The composition of the board of BBG is discussed in section 8.4. It is intended that BBG will adhere to the ASX corporate governance principles consistent with the approach currently adopted by Auzex and GGG.

A remuneration advisory committee has been established comprising nominees from each of Auzex and GGG. This committee has been charged with responsibility for making recommendations to the BBG board regarding:

- the principles of remuneration to be applied to key management personnel of BBG, having regard to the ASX corporate governance principles and the remuneration practices of Australian mining companies of a comparable size to BBG; and

Profile of the Merged Group.

- the composition and terms of reference or charter of BBG's nomination and remuneration committee.

A remuneration consultant has been engaged to prepare a report to assist the remuneration advisory committee in making these recommendations. As at the date of this Booklet, that report has not yet been received and the remuneration advisory committee has not yet made recommendations to the BBG board regarding the above matters.

BBG must have regard to the recommendations of the remuneration advisory committee when making offers of employment to key management personnel prior to the Implementation Date.

(e) Management and employees

It is the intention of Auzex and GGG that BBG will be responsible for the employment of all staff associated with the Bullabulling Gold Project at its sole discretion, and may not necessarily include present Auzex and GGG employees.

(f) Reporting

Auzex and GGG intend that BBG will continue to lodge its annual and half yearly reports in line with BBG's existing timetable and applicable laws (including the Listing Rules).

(g) Other intentions in relation to Auzex and GGG

Other than as set out or referred to in this section 8.7, it is the present intention of Auzex and GGG that BBG will:

- generally continue the businesses of Auzex (and GGG) in a manner consistent with past practice; and
- continue the employment of Auzex's present employees (and those of GGG).

8.8 Financial information for the Merged Group

(a) Introduction

This section contains historical financial information for Auzex and BBG as at 30 November 2011 and pro forma historical financial information for the Merged Group as if the Merger had occurred on that date.

The information is intended to be illustrative only. It is not a forecast and will not necessarily reflect the actual position and balances on completion of the Merger or on any other date.

(b) Proforma historical financial position of the Merged Group after Merger

The following table shows:

- A summary of the unaudited historical consolidated balance sheet of Auzex as at 30 November 2011 extracted from the unaudited management accounts of Auzex (**Unaudited Auzex Balance Sheet**) adjusted for the rights issue completed in December 2011 and the Demerger of Auzex Exploration Limited. For further detail refer to section 6.10 of this Booklet.
- A summary of the unaudited historical consolidated balance sheet of GGG as at 30 November 2011 extracted from the unaudited management accounts of GGG and expressed using the same accounting policies as those adopted by Auzex (**Unaudited GGG Balance Sheet**).
- Unaudited proforma adjustments relating to the Merger as if they had occurred on 30 November 2011 (**Proforma Merger Adjustments**). The adjustments comprise:
 - Elimination of the November accounts receivable between Auzex and GGG.
 - Elimination of the investment GGG has in Auzex Shares.
- A summary of the unaudited proforma historical consolidated balance sheet of the Merged Group as at 30 November 2011, derived from the Unaudited Auzex Balance Sheet, the Unaudited GGG Balance Sheet and the Proforma Merger Adjustments (**Proforma Merged Group Balance Sheet**).

All historical and pro forma historical financial information is presented in an abbreviated form that does not include all of the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

Profile of the Merged Group.

	Auzex consolidated balance sheet (unaudited management accounts)	GGG consolidated balance sheet (unaudited management accounts)	Proforma Merger Adjustments	Proforma Merged Group Balance Sheet
CURRENT ASSETS				
Cash	6,029,898	12,936,610		18,966,508
Term Deposits (secured)	675,000	621,788		1,296,788
Receivable from GGG Resources	1,019,619		(1,019,619)	-
Other Receivables and prepayments	310,230	386,337		696,567
Total Current Assets	8,034,747	13,944,735	(1,019,619)	20,959,863
NON CURRENT ASSETS				
Investments – Shares in AZX Resources		4,808,498	(4,808,498)	-
Deferred Exploration Expenditure	8,989,798	12,047,911		21,037,709
Property Plant & Equipment	422,508	422,508		845,016
Total Non Current Assets	9,412,306	17,278,917	(4,808,498)	21,882,725
TOTAL ASSETS	17,447,053	31,223,652	(5,828,117)	42,842,588
CURRENT LIABILITIES				
Payables	4,499,634	217,347		4,716,981
Payables to AZX		1,019,619	(1,019,619)	
Merger costs payable	1,393,915			1,393,915
Provision for Employee Benefits	-			
Provision for Rehabilitation	308,700	308,700		617,400
Total Current Liabilities	6,202,249	1,545,666	(1,019,619)	6,728,296
TOTAL LIABILITIES	6,202,249	1,545,666	(1,019,619)	6,728,296
NET ASSETS	11,244,804	29,677,986	(4,808,498)	36,114,292
SHAREHOLDERS' EQUITY				
Contributed Equity	27,890,797	36,671,678	(4,808,498)	59,753,977
Other Reserves	2,090,179	4,395,060		6,485,239
Retained profits/(losses)	(18,736,172)	(11,388,752)		(30,124,924)
Total Parent Entity Equity Interest	11,244,804	29,677,986	(4,808,498)	36,114,292
TOTAL SHAREHOLDERS' EQUITY	11,244,804	29,677,986	(4,808,498)	36,114,292

9

ADVANTAGES, DISADVANTAGES AND RISKS OF THE MERGER SCHEME

9.1 Introduction

The Auzex Board believes the advantages of the Merger outweigh its disadvantages and risks, and that the Merger will maximise Auzex shareholder value.

Auzex Shareholders should however carefully consider the following advantages, disadvantages and risks of the Merger and other relevant considerations, as well as the other information contained in this Booklet, in deciding whether or not to vote in favour of the Scheme to implement the Merger.

The development by the Merged Group of its main asset, the Bullabulling Gold Project, will continue to be exposed to many of the same risks after the Merger as was faced in relation to the development of the project by the Bullabulling Joint Venture before the Merger.

9.2 Advantages of the Merger

(a) Creation of a focused, single asset gold developer

The Merger, if completed, would give Auzex Shareholders shares in a leading, growth-focused Australian mid-cap gold developer. The Merged Group will be solely focused on the development of its key asset, the Bullabulling Gold Project.

BBG will be able to focus its attention and financial resources on the development of the Bullabulling Gold Project and make strategic and operational and investment decisions on the basis of priorities and objectives that are in the best interest of advancing the Project.

The Merged Group will have JORC Inferred and Indicated mineral resources of approximately 2.60 million ounces of gold.

(b) Stronger financial platform for growth

BBG will have a stronger balance sheet and greater financial capacity than Auzex has a stand-alone entity.

This will put BBG in a strong position to capitalise on the development of the Bullabulling Gold Project.

It is also expected that the consolidation of ownership of the Bullabulling Gold Project will increase the availability of debt or equity financing for the development of the Bullabulling Gold Project.

(c) Enhanced market presence

It is expected that BBG will receive more analyst coverage and broker attention than is currently received by Auzex, which will enhance the profile of BBG and make it more visible to the investment community.

(d) The Independent Expert has concluded that the Merger is in the best interests of Auzex Shareholders.

The Independent Expert was engaged by the Auzex Board to assess whether the advantages of the Merger outweigh its disadvantages, and so whether the Merger is in the best interests of Auzex Shareholders.

The Independent Expert has concluded that, on balance, the advantages of the Merger outweigh its disadvantages and that the Merger is in the best interests of Auzex Shareholders.

(e) The Merger Scheme are unanimously recommended by the Auzex Board

After carefully considering the Merger, for the reasons set out above the Auzex directors believe that the Merger is in the best interests of Auzex Shareholders and unanimously recommend that Auzex Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. Furthermore, each Auzex director intends to vote the Auzex Shares he holds or controls in favour of the Scheme, in the absence of a Superior Proposal.

Advantages, Disadvantages and Risks of the Merger Scheme.

9.3 Potential disadvantages of the Merger

(a) You may disagree with the unanimous recommendation of the Auzex Board and the opinion of the Independent Expert.

Notwithstanding the unanimous recommendation of the Auzex Board and the findings of the Independent Expert (as referred to above), you may believe that the Merger is not in your own best interests.

(b) You may believe that your interests are best served by Auzex remaining as a stand-alone entity

You may believe that Auzex will deliver greater returns to Auzex Shareholders by remaining as a stand-alone entity or that, having regard to the nature of Auzex's interest in its main asset, the Bullabulling Gold Project, the time is not right for Auzex to participate in a transaction such as the Merger.

(c) You may consider that a Superior Proposal may emerge

You may consider that a proposal may emerge in the future that is more attractive for Auzex Shareholders than the Merger. Completion of the Merger would mean that existing Auzex Shareholders would not be able to receive the benefit of any such proposal.

Whilst it is possible that a Superior Proposal could emerge in the future, to the knowledge of and in the opinion of the Auzex Directors, there is no alternative proposal that would provide Auzex Shareholders with a better outcome than the Merger.

9.4 Risks of the Merger

(a) Introduction

If the Merger is implemented Auzex will become a wholly owned subsidiary of BBG along with GGG Resources, and Eligible Scheme Shareholders will receive BBG Shares and be exposed to the risks associated with an investment in BBG. These risks impact the financial and operational performance of BBG. This section 9.4 highlights a number of risks which arise in relation to the implementation of the Merger.

The risks described in this section are a summary and should not be considered exhaustive. They do not take into account the investment objectives, financial situation, taxation position or particular needs of any particular Auzex Shareholder and are not exhaustive. You should carefully consider the following risks, as well as the other information contained in this Booklet, before determining how to vote on the Scheme.

(b) Uncertainty about the combined market value of BBG Shares

Although the Auzex Board believes that the Merger will enhance value for shareholders, it is not possible to predict the value of BBG Shares if the Merger is implemented.

(c) General economic conditions

Material adverse changes in the general domestic and international economic climate may have an adverse impact on the performance of BBG. These general economic conditions are influenced by such things as economic growth, interest rates, inflation, employment levels and consumer and business sentiment.

(d) General risks

BBG's main asset if the Merger is completed will be its 100% interest in the Bullabulling Gold Project. The operations of BBG and the development of the Bullabulling Gold Project will be subject to risks associated with the exploration for and development of minerals and many of these risks faced by the Merged Group will be the same as faced by Auzex (a summary of which is set out in section 6.13 of this Booklet).

The exploration and development of mining projects involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

The development of the Bullabulling Gold Project will require BBG to hire personnel and consultants with specialized expertise and require significant expenditure and financing for successful completion. Accordingly, an investment in BBG should be considered speculative due to the risks inherent in the minerals exploration business. These general risks and other risks are discussed further below.

Advantages, Disadvantages and Risks of the Merger Scheme.

(e) Exploration and development risk

Possible future development of mining operations at the Bullabulling Gold Project and any other projects that may be acquired by BBG in the future will be subject to numerous risks.

BBG's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

There is no guarantee that the Bullabulling gold Project will be developed successfully, become economically viable or successfully enter production.

Development of the Bullabulling Gold Project may incur further costs than currently anticipated or may be delayed due to the need to obtain regulatory approvals or licences or due to problems with contractors or suppliers, financing issues or accidents during construction or commissioning of the mine.

(f) Title risk

BBG may lose title to, or interests in, its tenements if an appeal or challenge is made in respect of that title or interest. Moreover, if the conditions to which those tenements are subject are not satisfied by BBG or if insufficient funds are available to meet expenditure commitments, this may lead to dilution of its interest in, or the loss of, such permits or licences without compensation.

(g) Cash flow and requirements for capital

Once the cash funds contributed by Auzex and GGG in the Merger are utilized BBG will have to source its own funding for the Bullabulling Gold Project.

There is a risk that difficult conditions in the equity and debt markets may prevail at that time and may make it more difficult and costly for BBG to obtain funding. There can be no certainty that BBG will have access to sufficient financial resources to fund the development of the Bullabulling Gold Project into a producing operation.

If BBG is unable to obtain additional financing as and when needed, it may be required to reduce the scope of its operations or limit expansion.

(h) Health and safety

Any future operations of BBG will be subject to strict health and safety laws and regulations. BBG may be liable for any conduct which violates such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against BBG. These events might not be insured by BBG or may be uninsurable.

In addition, any changes in health and safety laws and regulations may increase compliance costs for BBG. Such an event would negatively impact the financial results of BBG.

(i) Regulatory and legislative risks

Any changes in the laws and regulations under which BBG operates may adversely impact on BBG's activities, planned projects and financial results. These laws and regulations include mining and exploration-related laws, laws requiring permits and licences, environmental regulations and health and safety laws and regulations.

(j) Market for shares in BBG

There can be no guarantee that a liquid market in BBG Shares will exist after completion of the Merger. There may be relatively few, or many, potential buyers or sellers of BBG Shares on ASX or AIM at any given time. This may affect the prevailing market price at which BBG shareholders are able to sell their shares.

(k) Personnel

There is a shortage of skilled labour in the Australian market and a great deal of competition amongst mining and exploration companies for the appropriate personnel. There is a risk that the strategy for the development of the Bullabulling Gold Project may be delayed if BBG experiences difficulty in securing the appropriate personnel to implement it or if BBG loses any of its key personnel.

Advantages, Disadvantages and Risks of the Merger Scheme.

(l) Environmental risks

The operations and proposed activities of BBG will be subject to state and federal laws and regulations concerning the environment. As with most exploration projects and mining operations, BBG's activities are expected to have an impact on the environment, particularly mine development activities. Environmental legislation may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations.

(m) Access to laboratories and equipment

Owing to the large amount of exploration activities being undertaken in Australia, there is pressure on access to mineral testing laboratories (some programs can take up to 12 months to complete) and drilling and other exploration equipment.

There is a risk that the execution of BBG's strategy for the development of the Bullabulling Gold Project may be delayed owing to the difficulty in accessing mineral testing laboratories and the necessary equipment.

(n) Changes to government policy and regulatory conditions

Governmental action, including delay, inaction, failure to grant necessary approvals, policy change or the introduction of new, or amendment of existing, legislation or regulations, particularly in relation to access to infrastructure, environmental regulation, taxation and exploration licensing may adversely affect BBG's operations and financial performance.

(o) Other risks

Additional risks and uncertainties not currently known to the Auzex Board may also have an adverse effect on the business of the Merged Group. The information set out above does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks affecting BBG.

9.5 Other relevant considerations

(a) Dividends and franking capacity

To date Auzex has not paid any dividends and Auzex has no board approved dividend policy in place as at the date of this Booklet.

After the Merger, BBG will not have any cash-flow generating assets and it is unlikely that a dividend will be paid by the Merged Group in the short-term.

(b) Taxation implications for Auzex Shareholders

The Merger may have taxation implications for Auzex Shareholders.

The taxation implications of the Merger are complex and depend on the laws of the country in which an Auzex Shareholder is a tax resident. Auzex Shareholders should consider these implications when deciding how to vote in relation to the Merger. A more detailed discussion of the taxation consequences of the Merger is contained in section 12 of this Booklet. The discussion is in general terms and does not take into account the particular circumstances of Auzex Shareholders. It is recommended that all Auzex Shareholders should, in considering the implications to them of the Merger, obtain independent professional tax advice regarding the income tax and capital gains tax implications specific to their circumstances.

(c) Independent Expert's opinion

Auzex has commissioned the Independent Expert as an independent expert to prepare a report stating whether, in its opinion, the advantages of the Merger outweigh the disadvantages and if the Merger is in the best interests of Auzex Shareholders.

The Independent Expert has concluded that, on balance, the advantages of the Merger outweigh its disadvantages and that the Merger is in the best interests of Auzex Shareholders.

Advantages, Disadvantages and Risks of the Merger Scheme.

The Independent Expert notes however that the uncertainty associated with the Cash Balancing Adjustment, which uncertainty is increased by the relatively short five day period for measurement of the VWAP of Auzex Shares for purposes of the Cash Balancing Adjustment, is a disadvantage associated with the Merger. The Cash Balancing Amount and the Cash Balancing Subscription Price will however be determined and fixed eight days before the Scheme Meeting, so that the Share Scheme Ratio will be finalised and announced on ASX and sent to Auzex Shareholders seven days before the Scheme Meeting.

Refer to section 11.2 of this Booklet for discussion of the Cash Balancing Adjustment.

A copy of the Independent Expert's Report is attached as Appendix 1 to this Booklet.

(d) Implications if the Merger does not proceed

If Auzex Shareholders do not approve the Scheme the Merger will not proceed. In that event:

- Auzex will continue to hold a 50% interest in the Bullabulling Gold Project in the Joint Venture Agreement with GGG, which will be operated under the Management Agreement described in section 6.12.3;
- Auzex will continue to be owned by the existing Auzex Shareholders and Auzex Shares will continue to be traded on ASX;
- If the Merger does not proceed, Auzex would be required to raise additional capital to fund its share of the development of the Bullabulling Gold Project within one month of the Record Date.

There is no guarantee that Auzex will be able to raise the full amount of any additional capital required on terms acceptable to Auzex. The implications of Auzex being unable to raise additional capital may be significant – in particular, if Auzex is unable to fund its share of an agreed program and budget it is liable to have its interest in the Bullabulling Gold Project diluted and potentially bought out by GGG at a discount to market value;

- Auzex may be required to pay a break fee to GGG of \$750,000, and GGG will be appointed as the Manager of the Bullabulling Joint Venture, if the failure of the Scheme Shareholders to approve the Scheme follows an Auzex Director withdrawing his recommendation that Scheme Shareholders vote in favour of the Scheme, or if the MIA is terminated by GGG as a result of breach of the MIA by Auzex; and
- transaction costs of approximately \$800,000 will be incurred (net of the amount of up to \$250,000 in costs to be paid by GGG pursuant to the MIA).

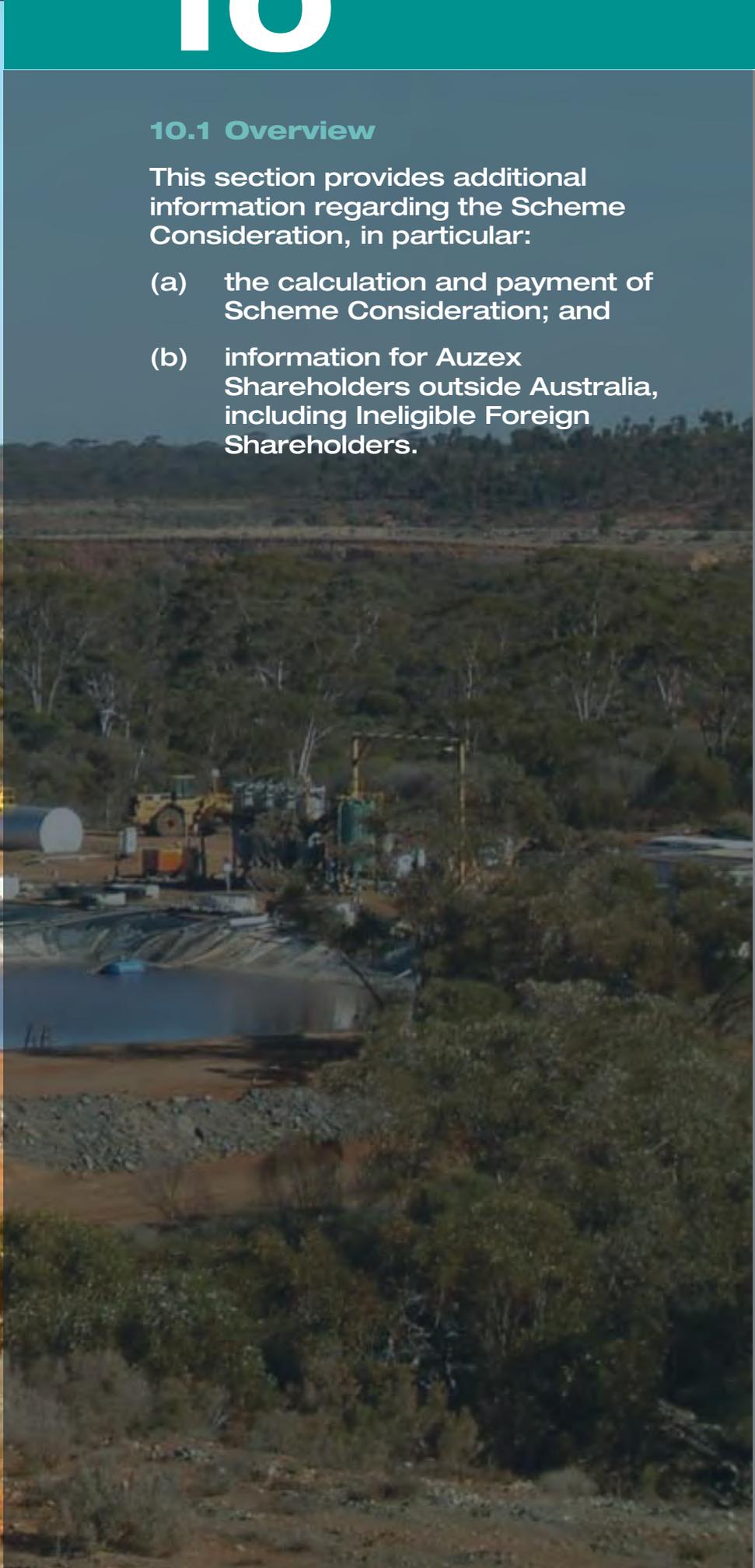


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10.1 Overview

This section provides additional information regarding the Scheme Consideration, in particular:

- (a) the calculation and payment of Scheme Consideration; and
- (b) information for Auzex Shareholders outside Australia, including Ineligible Foreign Shareholders.



SCHEME CONSIDERATION

10.2 Scheme Consideration

(a) Overview

The Merger of Auzex and GGG is intended and designed to be a “merger of equals”, pursuant to which Auzex and GGG will contribute equally to the Merged Group, and Auzex Shareholders and GGG Shareholders will each retain their respective proportionate economic interests in the Bullabulling Gold Project through their holding of BBG Shares.

GGG however holds a substantial shareholding in Auzex, which shareholding will increase as a result of the Cash Balancing Adjustment.

The result of GGG’s shareholding in Auzex is that, in order to implement the Merger as a “merger of equals”, the number of New BBG Shares to be issued Auzex Shareholders as the Scheme Consideration must be calculated having regard to the facts that:

- (i) GGG’s shareholding in Auzex means that Auzex Shareholders other than GGG hold an economic interest of less than 50% of the Bullabulling Gold Project, and accordingly are to hold that same less than 50% percentage interest in the Merged Group after the Merger; and
- (ii) GGG will not receive any Scheme Consideration under the Scheme.

(b) Calculation

Having regard to the principle of the “merger of equals” summarised in the preceding paragraph (a), the Scheme Consideration to be provided to Scheme Shareholders will be calculated as the number of Auzex Shares held on the Record Date multiplied by the Share Scheme Ratio, as follows:

- (i) Subject to the rounding in accordance with subparagraph (ii) below, Auzex and GGG will procure that each Scheme Shareholder receives that number of BBG Shares calculated by the formula:

Scheme Consideration = SS x R

where:

SS is the number of Scheme Shares held by the Scheme Shareholder on the Record Date

R is the Share Scheme Ratio calculated by the formula:

$$R = \frac{A \times C}{TAS - ES}$$

where:

$$A = \frac{B}{1 - C}$$

B is the total number of BBG Shares anticipated by BBG, on the day that is eight days before the date of the Scheme Meeting, to be on issue immediately before the Implementation Date

$$C = \frac{TAS - ES}{TAS} \times 0.5$$

TAS is the total number of Auzex Shares anticipated by Auzex, on the day that is eight days before the date of the Scheme Meeting, to be on issue on the Record Date

ES is the number of Excluded Shares anticipated by Auzex and GGG, on the day that is eight days before the date of the Scheme Meeting, to be on issue on the Record Date

Scheme Consideration.

As a worked example (taken from scenario 2b in section B.3.3 of Appendix B to the Independent Expert's Report, which scenario best reflects the trading price of Auzex Shares as at the date of this Booklet):

If on the day that is eight days before the date of the Scheme Meeting, it is anticipated that on the Record Date there will be 164,675,222 Auzex Shares on issue of which GGG will hold 34,473,324 (being 20.93%), and immediately prior to the Implementation Date there will be 170,680,298 BBG Shares on issue, then:

A = 282,269,859 **B** = 170,680,298 **C** = 0.395

TAS = 164,675,222 **ES** = 34,473,324

Scheme Consideration = 111,589,561 New BBG Shares **R** = 0.86

In this example, Scheme Shareholders would be issued with 0.86 New BBG Shares for every Auzex Share they held on the Record Date.

- (ii) Any fractional entitlement of a Scheme Shareholder to New BBG Shares will be rounded up or down to the nearest whole number with fractions of 0.5 rounded up to the nearest whole number of New BBG Shares.

The New BBG Shares to be issued as Scheme Consideration will be validly issued, fully paid, and rank equally with BBG's other issued fully paid ordinary shares from their date of issue. An application will be made to ASX for quotation and to AIM for admission to trading of the New BBG Shares.

(c) Payment

If the Scheme becomes Effective Scheme Shareholders whose name appears in the Auzex Share Register at 6.00 pm on the Record Date, and who are not an Ineligible Foreign Shareholder, will receive the Scheme Consideration for their Auzex Shares in the form of New BBG Shares, with their name being entered into the BBG Share Register on the Implementation Date.

10.3 Auzex Shareholders outside Australia

Restrictions in certain jurisdictions outside Australia may make it impractical or unlawful for BBG Shares to be issued to, or received by, Auzex Shareholders in such jurisdictions under the Scheme.

Any Scheme Shareholder whose address as shown in the Auzex Share Register at 6.00 pm on the Record Date is outside of Australia and its external territories, New Zealand, the United States and the United Kingdom will be regarded as an Ineligible Foreign Shareholder for the purposes of the Scheme unless BBG is satisfied, acting reasonably, that the laws of that Auzex Shareholder's country of residence permit the issue and allotment of New BBG Shares to that Scheme Shareholder, either unconditionally or after compliance with conditions which BBG in its sole discretion regards as reasonable.

Ineligible Foreign Shareholders will not receive New BBG Shares. Instead, all Ineligible Foreign Shareholders will have the New BBG Shares that would otherwise have been issued to them under the Scheme issued to the Sale Agent for sale on market following implementation of the Scheme (see section 4.12 for more information about this process).

Scheme Shareholders who reside outside of Australia, but who do not constitute Ineligible Foreign Shareholders should note that this Booklet has been prepared in accordance with the requirements in Australia for the sole purpose of allowing Scheme Shareholders to consider the Scheme. It must not be distributed, reproduced or disclosed (in whole or part) to other persons or used for any purpose other than a consideration of the Scheme. This Booklet has not been filed with or considered or approved by any regulatory body in any country other than Australia and Auzex Shareholders should consult with their professional advisers as to whether any other formalities or consents are required to permit them to receive New BBG Shares pursuant to the Scheme.

(a) Notice to Auzex Shareholders in New Zealand

The BBG Shares to be issued under the Scheme to New Zealand resident Scheme Shareholders will be issued in reliance on the Securities Act (Foreign Companies) Exemption Notice 2002 (NZ). This Booklet is not a New Zealand prospectus or an investment statement and has not been registered with, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (NZ) (or any other relevant New Zealand law). This Booklet may not contain all the information that a prospectus or investment statement is required to contain under New Zealand law.

Scheme Consideration.

(b) Notice to Auzex Shareholders in the United Kingdom

This Booklet has not been prepared in order to comply with the laws of the United Kingdom nor has it been lodged, registered, approved or disapproved by any securities regulatory authority in the United Kingdom and, accordingly, no such regulator assumes responsibility for the contents of this Booklet nor has in any way considered the merits of the New BBG Shares to be issued under the Scheme as described in this Booklet.

(c) Notice to Auzex Shareholders in the United States of America

The New BBG Shares to be issued pursuant to the Scheme have not been, and will not be, registered under the US Securities Act or filed with or reviewed by the United States Securities and Exchange Commission or any United States state securities regulatory authority, and none of them endorsed the merits of the Scheme or the content of this Booklet. The New BBG Shares will be issued pursuant to an exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) of the US Securities Act, based on the approval of the Scheme by the Court.

Section 3(a)(10) of the US Securities Act exempts securities issued in connection with a securities exchange transaction from the registration requirements of the US Securities Act where the fairness of the terms and conditions of the issuance and exchange of the securities have been approved by any court or authorized governmental entity, after a hearing upon the fairness of the terms and conditions of the exchange at which all persons to whom the securities will be issued have the right to appear and to whom adequate notice of the hearing has been given. An order by the Court at the Second Court Hearing is required for the Scheme, and ultimately the Merger, to become effective, and the Court will be advised that if the terms and conditions of the Scheme are approved by the Court, the New BBG Shares issuable will not require registration under the US Securities Act, pursuant to section 3(a)(10) thereof. Therefore, if the Court approves the Scheme, its approval will constitute the basis for the New BBG Shares to be issued without registration under the US Securities Act.

Persons who are not 'affiliates' of BBG after the Merger and have not been 'affiliates' of BBG in the 90 day period prior to the Merger may resell the New BBG Shares that they receive in connection with the Scheme in the United States without restriction under the US Securities Act. As defined in Rule 144 under the US Securities Act, an 'affiliate' of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

New BBG Shares received by a holder who will be an 'affiliate' of BBG after the Merger or who was an 'affiliate' of BBG within 90 days prior to the Merger will be subject to certain restrictions on resale imposed by the US Securities Act. Such persons may not sell the New BBG Shares that they receive in connection with the Merger in the absence of registration under the US Securities Act or an exemption from registration, if available, such as the exemptions and safe harbours contained in Rule 144 under the US Securities Act or Regulation S of the US Securities Act.

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11.1 Elements of the Merger

(a) General

The Merger is to be effected by a scheme of arrangement pursuant to section 411 of the Corporations Act between Auzex and the Scheme Shareholders.

For the Merger with BBG to proceed, the Scheme must be approved by the Requisite Majority of Scheme Shareholders, and by the Court at the Second Court Hearing.

DETAILS OF THE MERGER AND ITS IMPLEMENTATION

(b) Key Dates

If the Scheme is approved, there are two important dates - the Record Date and the Implementation Date.

The **Record Date** is the date on which the Auzex Share Register is examined to determine who is entitled to participate in the Scheme and receive the Scheme Consideration in the form of New BBG Shares. The Record Date is currently expected to be 6.00pm (Brisbane time) on 5 April 2012.

The **Implementation Date** is the date that is two Business Days after the Record Date, and is the date on which New BBG Shares will be issued to Eligible Scheme Shareholders under the Scheme (or issued to the Sale Agent in the case of Ineligible Foreign Shareholders). The Implementation Date is currently expected to be 11 April 2012.

New BBG Shares issued as Scheme Consideration are expected to commence trading on ASX and AIM on or about 17 April 2012.

(c) Merger Implementation Agreement

Auzex and BBG entered into the Merger Implementation Agreement on 17 September 2011 in which they agreed (among other things) to their respective obligations in implementing the Scheme. The key terms of the Merger Implementation Deed are summarised in section 11.3 of this Booklet.

(d) Cash Balancing Adjustment

The Merger is intended to be a merger of equals. BBG is however expected to have more cash (and cash equivalents) on hand when the Scheme takes effect.

Accordingly, pursuant to the MIA eight days before the date of the Scheme Meeting there will be a determination of the Net Cash Assets of each of Auzex and GGG, of the Cash Balancing Amount and of the Cash Balancing Subscription Price. After the Effective Date but before the Record Date the Cash Balancing Adjustment will be implemented to ensure Auzex and GGG will have materially the same Net Cash Assets at the time the Scheme is implemented on the Implementation Date.

This is to be achieved by GGG using its excess cash holdings to subscribe for Auzex Shares for an issue price equal to a 10% discount to the five (5) day VWAP of Auzex Shares on ASX ending on the day that is eight days before the Scheme Meeting (the Cash Balancing Subscription Price). GGG currently holds 10,266,667 Auzex Shares totalling approximately 7.31% of Auzex's issued Shares, which it will retain after the Merger along with Auzex Shares acquired as part of the Cash Balancing Adjustment.

Refer to section 11.2 of this Booklet for further details.

(e) The Scheme

If the Scheme is approved by the Requisite Majority of Scheme Shareholders and by the Court, and becomes Effective, all Auzex Shares outstanding at 6.00 pm on the Record Date, and not already owned by BBG or GGG or their Related Bodies Corporate, will be transferred to BBG.

The Scheme Consideration to be issued to Auzex Shareholders is described in section 10.2 of this Booklet.

See Appendix 2 to this Booklet for a copy of the Scheme.

Implementation of the Scheme is subject to the Scheme Conditions being satisfied, including the condition that the Scheme may only be implemented if the Requisite Majority of Scheme Shareholders vote in favour of the Scheme at the Scheme Meeting.

The Scheme Meeting at which Auzex Shareholders may vote for the Scheme will be held at The Medina, 15 Ivory Street, Brisbane on 22 March 2012 at 10.00 am.

A summary of the Scheme Conditions is provided at section 4.9 of this Booklet, and a summary of the steps necessary to implement the Scheme is provided in this section 11.

Details of the Merger and its implementation

11.2 Cash Balancing Adjustment and Scheme Consideration

The Merger of Auzex and GGG is intended, and designed, to be a “merger of equals”, pursuant to which:

- Auzex and GGG will each contribute equally to the Merger, by contributing the same assets to the Merger in the form of each party’s 50% interest in the Bullabulling Gold Project, plus their respective Net Cash Assets; and
- on the basis of such equal contribution to the Merger, the shareholders in Auzex and GGG would ideally each hold 50% of the Merged Group in the form of a 50% shareholding in BBG.

Implementation of this “merger of equals” requires however that two adjustments are made as a result of the differences in the assets held by Auzex and GGG, and GGG’s shareholding in Auzex. In particular:

11.2.1 Correction of Net Cash Assets imbalance

Although Auzex and GGG each hold a 50% interest in the Bullabulling Gold Project, GGG holds greater Net Cash Assets than Auzex and so would make a greater contribution to the Merger to the extent of those additional Net Cash Assets.

To correct this potentially unequal contribution to the Merger, GGG will subscribe for Auzex Shares sufficient to equalise the Net Cash Assets of Auzex and GGG. Pursuant to this “Cash Balancing Adjustment”:

- the Net Cash Assets of each of Auzex and GGG will be calculated eight days before the Auzex Scheme Meeting; and
- GGG will use its excess cash to subscribe for Auzex Shares at an issue price equal to a 10% discount to the 5 day VWAP of Auzex Shares on ASX ending on the day that is eight days before the Scheme Meeting.

The subscription of cash by GGG will increase Auzex’s Net Cash Assets, and reduce GGG’s Net Cash Assets, so that each of Auzex and GGG will have materially the same Net Cash Assets when the Merger is implemented, (noting that GGG’s Net Cash Assets include its shareholding in AEL valued at \$800,000), thereby ensuring that Auzex and GGG contribute equally to the Merger.

The calculation of each party’s Net Cash Assets, the Cash Balancing Amount and the Cash Balancing Subscription Price is anticipated to occur on 14 March 2012, with the Cash Balancing Adjustment to take place after the Effective Date but before the Record Date.

The determination of the Net Cash Assets, Cash Balancing Amount and Cash Balancing Subscription Price before the Scheme Meeting allows the Share Scheme Ratio, and so the Scheme Consideration, to be known with certainty at the time of the vote on the Scheme at the Scheme Meeting.

There are three aspects of the Cash Balancing Adjustment that are of particular significance:

- (a) **Net Cash Assets of Auzex and GGG:** The Net Cash Assets of Auzex and GGG for the purposes of the Cash Balancing Adjustment will be determined on the day that is eight days before the Scheme Meeting. A projection, as at the date of this Booklet, of the Net Cash Assets for the purposes of the Cash Balancing Adjustment is provided in section B.5.2 of Appendix B to the Independent Expert’s Report, which is attached as Appendix 1 to this Booklet.
- (b) **GGG’s resulting shareholding in Auzex:** The extent of GGG’s shareholding in Auzex resulting from the Cash Balancing Adjustment will also be fixed on the day that is eight days before the Scheme Meeting.

The extent of GGG’s shareholding in Auzex resulting from the Cash Balancing Adjustment will depend upon:

- The Net Cash Assets of Auzex and GGG respectively, which will determine the amount of cash to be subscribed by GGG (the Cash Balancing Amount); and
- The 5 day VWAP of Auzex Shares on ASX ending on the day that is eight days before the Scheme Meeting which will determine the subscription price per Auzex Share (the **Cash Balancing Subscription Price**) and so the number of Auzex Shares to be issued to GGG.

Details of the Merger and its implementation

The table below sets out, for illustrative purposes, a range of possible GGG shareholdings in Auzex after the Cash Balancing Adjustment depending on the 5 day VWAP for Auzex Shares, and assuming that GGG will have net excess cash of approximately \$5,000,000 on the basis of the assumptions set out in section B.5.2 of Appendix B to the Independent Expert's Report:

Auzex shares 5 Day VWAP	\$0.18	\$0.20	\$0.22	\$0.24
Issue price to GGG (incl 10% discount)	\$0.162	\$0.18	\$0.198	\$0.216
New Auzex shares issued to GGG under cash balancing	30,864,198	27,777,778	25,252,525	23,148,148
Total Auzex Shares held by GGG after cash balancing	41,130,865	38,044,445	35,519,192	33,414,815
Total Auzex issued Shares	171,332,763	168,246,343	165,721,090	163,616,713
Final GGG % shareholding in Auzex	24.01%	22.61%	21.43%	20.42%

Assumption: the Cash Balancing Amount is \$5,000,000

A projection, as at the date of this Booklet, of the possible number of Auzex Shares to be acquired by GGG pursuant to the Cash Balancing Adjustment at various Cash Balancing Subscription Prices is provided in section B.5.2 of Appendix B to the Independent Expert's Report, which is attached as Appendix 1 to this Booklet.

- (c) **ASIC exemption and ASX waiver:** As shown by the illustrative table above and the projections made by the Independent Expert, the Cash Balancing Adjustment may (depending on the Cash Balancing Amount and the Cash Balancing Subscription Price) result in:
- (i) **GGG may be required to acquire an Auzex Shareholding of more than 20%:** The Cash Balancing Adjustment may result in GGG being required to acquire a Shareholding in Auzex of more than 20%. Such an acquisition by GGG would be unlawful, being a contravention of the prohibition in sub-sections 606(1), (2) and (4) of the Corporations Act on GGG acquiring voting power of more than 20% in Auzex. Accordingly, GGG has obtained an exemption from ASIC, under section 655A(1) of the Corporations Act, from the application of sub-sections 606(1), (2) and (4) of the Act to the extent necessary to enable Auzex to issue Auzex Shares to GGG under the Cash Balancing Adjustment notwithstanding that this may result in GGG (and its associates, being BBG and any subsidiaries of BBG or GGG) acquiring voting power in Auzex of more than 20%.
 - (ii) **Auzex may be required to issue Auzex Shares representing more than 15% of Auzex Shares:** The Cash Balancing Adjustment may result in Auzex being required to issue Auzex Shares to GGG representing more than 15% of the then current number of Auzex Shares. Such a placement of Auzex Shares to GGG would constitute a breach of ASX Listing Rule 7.1, which (subject to certain exemptions, not relevant to the Cash Balancing Adjustment) prohibits Auzex from issuing shares representing more than 15% of its issued shares without Auzex Shareholder approval. Accordingly, Auzex has obtained a waiver of Listing Rule 7.1 to the extent necessary to enable Auzex to issue Auzex Shares to GGG under the Cash Balancing Adjustment notwithstanding that this may result in the issue of Auzex Shares representing more than 15% of the then issued number of Auzex Shares.

Details of the Merger and its implementation

11.2.2 Calculation of BBG Shares to be issued as Scheme Consideration

The second adjustment to ensure implementation of the agreed “merger of equals” is to adjust the number of BBG Shares to be issued to Auzex Shareholders as Scheme Consideration to take account of the fact that GGG has a substantial shareholding in Auzex, and will continue do so at the time the Merger is implemented.

As at the date of this Booklet GGG holds 10,266,667 Auzex Shares, representing about 7.31% of Auzex Shares. As described above, the Cash Balancing Adjustment will result in GGG’s shareholding in Auzex increasing materially.

The principle of a “merger of equals” is that, subject to Auzex and GGG contributing equally to the Merger, Auzex Shareholders and GGG Shareholders will each hold 50% of the Merged Group.

GGG’s shareholding in Auzex has the effect however that GGG’s shareholders hold an indirect economic interest of more than 50% in the Bullabulling Gold Project, comprised by GGG’s direct 50% interest plus the further indirect interest resulting from GGG’s shareholding in Auzex.

Accordingly, GGG’s shareholding in Auzex has the effect of requiring an adjustment to the number of New BBG Shares Auzex Shareholders will receive as the Scheme Consideration, to ensure that the BBG Shareholding held by Auzex Shareholders and GGG Shareholders after the Merger will be equal to their respective proportionate economic interests in the Bullabulling Gold Project immediately before the Merger.

GGG and GGG Shareholders will not receive any BBG Shares pursuant to the Scheme. The number of New BBG Shares to be issued to Auzex Shareholders as Scheme Consideration is to be determined by multiplying the number of Auzex Shares they hold on the Record Date by the Share Scheme Ratio, which includes an appropriate adjustment for the proportion of Auzex Shares held by GGG on the Record Date. Refer to section 10.2 of this Booklet for more details of that adjustment.

11.3 Merger Implementation Agreement

(a) Overview

Auzex and GGG are parties to the Merger Implementation Agreement (**MIA**) dated 17 September 2011 (as amended by a deed of variation dated 9 February 2012) pursuant to which Auzex and GGG have conditionally agreed to merge through the creation of BBG which will:

- hold, directly or indirectly, 100% of the Bullabulling Gold Project (which is currently owned 50% by GGG and 50% by Auzex in the Bullabulling Joint Venture);
- be owned 50% by Auzex Shareholders and 50% by GGG Shareholders, subject to an adjustment to reflect GGG’s shareholding in Auzex; and
- be listed on both the ASX and AIM.

(b) Principal obligations

The MIA provides that:

- GGG must propose the GGG Scheme, under which BBG is to become the parent company of GGG, with GGG Shareholders obtaining one BBG Share for each GGG Share held on the GGG Scheme record time in exchange for their GGG Shares.
- GGG must enter into arrangements with GGG Option holders to exchange their GGG options for the same number of equivalent BBG Options, subject to any amendments necessary to comply with the ASX Listing Rules.
- Auzex must complete the Demerger, under which its non Bullabulling assets (including its shareholding in GGG) are divested to a new, independent company whose shares are to be issued to Auzex shareholders in proportion to their existing Auzex shareholding. This requirement was completed on 6 January 2012 by the transfer of all AEL shares to Auzex Shareholders.

Details of the Merger and its implementation

- Auzex must propose the Scheme under which BBG will acquire Auzex, and Auzex Shareholders (other than BBG, GGG and their Related Bodies Corporate) will be issued New BBG Shares that will provide them with a percentage shareholding in BBG equal to 50% of their percentage shareholding in Auzex (subject to adjustment to account for GGG's shareholding in Auzex at the time). As BBG will hold 100% of the Bullabulling Gold Project, the New BBG Shares will represent the same proportionate economic interest in the Bullabulling Gold Project as the Auzex Shares transferred to BBG pursuant to the Scheme. GGG will retain its Auzex shareholding after the Merger, subject to the Cash Balancing Adjustment.
- Auzex and GGG must not issue any shares or convertible securities between the date that is eight days before the Scheme Meeting and the Implementation Date, other than pursuant to the Cash Balancing Adjustment, and must not incur expenditure other than as forecast in anticipating the Cash Balancing Amount as at the Effective Date.
- The Cash Balancing Adjustment will not be implemented until after the Scheme is Effective. If the Scheme does not become Effective by the Sunset Date the Cash Balancing Adjustment will not occur and the Merger will not proceed.
- Auzex optionholders will exchange their Auzex Options for equivalent options in BBG. The only issued Auzex Options are the ESOP Options held by the five Auzex Directors and two Auzex staff members, which will be cancelled pursuant to the ESOP Option Exchange Arrangement as described in section 11.12 of this Booklet.

(c) Exclusivity Provisions and Break Fee

Auzex and GGG have agreed to commercially standard no shop, no-talk, no due diligence, notification and first-right-to-match provisions in the MIA until the Sunset Date, subject to usual fiduciary carve-outs in respect of any Superior Proposals.

Auzex and GGG have agreed to mutual break fee arrangements.

- (i) GGG must pay a break fee of \$750,000 (subject to reduction as required to ensure the amount paid is not unlawful or in breach of directors' duties or the requirements of the Australian Takeovers Panel) if:
 - any member of the GGG Board changes their recommendation in favour of the GGG Scheme; or
 - there is a material breach by GGG of the terms of the MIA giving Auzex a right to terminate the MIA.
- (ii) Auzex must pay a break fee of \$750,000 (subject to reduction as required to ensure the amount paid is not unlawful or in breach of directors' duties or the requirements of the Australian Takeovers Panel) if:
 - any member of the Auzex Board changes their recommendation in favour of the Scheme; or
 - there is a material breach by Auzex of the terms of the MIA giving GGG a right to terminate the MIA.

In addition, if a break fee is payable, the party not paying the break fee is entitled to be appointed manager of the Bullabulling Gold Project from the date the payment is demanded.

(d) Operating Bullabulling

Auzex and GGG agreed to establish an operating company for the Bullabulling Gold Project and to enter into a management agreement and shareholders agreement in relation to this. These two agreements are summarised in section 6.12.3 of this Booklet. BBG Management Pty Ltd has now been established and is operating the Bullabulling Gold Project.

Under the MIA, the parties agreed to ensure BBG Management Pty Ltd has 3 months of forward funding once Auzex has completed a capital raising, and at least 2 months forward funding thereafter. A process was also provided to appoint a new independent chairman, managing director and one other director to BBG Management Pty Ltd as soon as possible, so that independent directors have the majority on the board.

Details of the Merger and its implementation

(e) GGG to pay certain of Auzex's costs

Pursuant to the MIA GGG must pay Auzex up to \$250,000 towards Auzex's costs as a reflection of any additional costs that may be incurred by Auzex in undertaking the Scheme, with such amount to be quantified and determined by agreement of Mr Nigel Clark, non-executive director of GGG, and Mr Chris Baker, chairman of Auzex, and paid at least 14 days before the Record Date.

11.4 Entitlement to participate in the Scheme

Scheme Shareholders as at the 6.00 pm on the Record Date will be entitled to participate in the Scheme and be entitled to the Scheme Consideration. BBG is however not obliged to issue, and will not issue, any BBG Shares to any Ineligible Foreign Shareholder

The way in which Scheme Shareholders participate will depend on whether they are classified as Eligible Shareholders or as Ineligible Foreign Shareholders. Refer to section 4.12 for details regarding the participation by Ineligible Foreign Shareholders.

11.5 Actions already undertaken by Auzex, GGG and BBG

Since signing the MIA, Auzex, GGG and BBG have undertaken the following activities to progress the Implementation of the Scheme.

(a) GGG Scheme

GGG has commenced the process of obtaining approvals for, and giving effect to, the GGG Scheme. GGG Shareholders approved the GGG Scheme at meetings in London on 9 January 2012. Sanction of the GGG Scheme is anticipated to be obtained on 8 March 2012.

(b) Appointment of Independent Expert

Auzex commissioned the Independent Expert to prepare a report on whether the Scheme is in the best interests of Auzex Shareholders.

The Independent Expert has concluded that, on balance, Auzex Shareholders are likely to be better off if the Merger proceeds than if it does not and accordingly that the Merger is in the best interests of Auzex Shareholders. A copy of the Independent Expert's Report is attached as Appendix 1.

(c) Execution of Deed Poll by BBG

On 14 February 2012 BBG executed the Deed Poll in favour of each Auzex Shareholder pursuant to which BBG covenants to perform its obligations under the Scheme. The key obligation of BBG under the Scheme is to issue the Scheme Consideration to Eligible Scheme Shareholders and to the Sale Agent in relation to Ineligible Foreign Shareholders, subject to satisfaction of the Scheme Conditions.

The Deed Poll may be relied upon by a Scheme Shareholder, despite the fact that they are not a party to it, and pursuant to the Scheme each Scheme Shareholder appoints Auzex as its agent and attorney to enforce their rights against BBG under the Deed Poll.

The Deed Poll is governed by the laws of Queensland and is set out in full at Appendix 3.

(d) Lodgement of draft Booklet with ASIC

On 13 January 2012 Auzex lodged a draft of this Booklet with ASIC pursuant to section 411(2)(b) of the Corporations Act. ASIC has registered the draft Booklet for the purposes of section 412(6) of the Corporations Act.

Auzex has requested that ASIC provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme.

Auzex has also lodged a copy of this Booklet with ASX.

Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Booklet.

Details of the Merger and its implementation

(e) First Court Hearing

On 17 February 2012, the Supreme Court of Queensland ordered that Auzex convene the Scheme Meeting for 10.00 am on 22 March 2012 at The Medina, 15 Ivory Street, Brisbane for the purpose of allowing Auzex Shareholders to consider, and if thought fit, approve the Scheme.

Auzex Shareholders should note that the fact that the Court has ordered that the meeting be convened and has approved this Booklet (including the explanatory statement required to accompany the notice of the Scheme Meeting) does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Scheme or as to how Auzex Shareholders should vote (on this matter Auzex Shareholders must form their own decision); or
- (ii) has prepared, or is responsible for, the content of the Booklet.

An order under subsection 411(1) is not an endorsement of, or any other expression of opinion on, the Scheme. The Court is not in any other way responsible for the contents of this Booklet.

For a Scheme to proceed, the Requisite Majority must approve the Scheme at the Scheme Meeting. Details of how to vote at the Scheme Meeting are set out at the beginning of this Booklet in section 1, 'Overview, Scheme Meeting Details and How to Vote'. A copy of the Notice of the Scheme Meeting is set out in pages 4 and 5.

11.6 Scheme Conditions

Implementation of the Scheme is subject to satisfaction of the Scheme Conditions, which are set out in section 4.9.

As at the date of this Booklet, Auzex is not aware of any circumstances that would cause any of the Scheme Conditions to not be satisfied. Auzex Shareholders will receive an update on the status of the Scheme Conditions at the Scheme Meeting.

Auzex will also announce to ASX any relevant matter that affects the likelihood of a Scheme Condition being satisfied or not being satisfied, in accordance with Auzex's continuous disclosure obligations. These details will be published on ASX's website (www.asx.com.au) and will also appear on Auzex's website (www.auzex.com.au).

11.7 Scheme Meeting

The Scheme Meeting is scheduled to be held at The Medina, 15 Ivory Street, Brisbane on 22 March 2012 at 10.00 am.

For the Scheme to be approved by Auzex Shareholders, votes in favour of the Scheme must be received from:

- (a) a majority in number (more than 50%) of Auzex Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Auzex Shareholders, by corporate representative); and
- (b) Auzex Shareholders who together hold at least 75% of the total number of votes cast on the resolution.

Auzex will count the votes cast at the Scheme Meeting by GGG separately from those cast by all other Auzex Shareholders, so that Auzex can demonstrate to the Court at the Second Court Meeting that the Scheme was approved by the Auzex Shareholders other than GGG by the Requisite Majority of those other Auzex Shareholders.

11.8 Court approval

To become Effective, the Scheme must be approved by the Court at the Second Court Hearing. If the Scheme is approved by the Requisite Majority of Auzex Shareholders, and all other Scheme Conditions (other than its approval by the Court) have been satisfied or waived, Auzex will apply to the Court for orders approving the Scheme at the Second Court Hearing.

Each Auzex Shareholder has the right to seek leave to appear at the Second Court Hearing and be heard in respect of the Scheme. The Court may refuse to approve the Scheme even if it is approved by the Requisite Majority of Auzex Shareholders.

Details of the Merger and its implementation

11.9 Steps after Court approval at the Second Court Hearing

(a) Action by Auzex

If the Scheme is approved by the Court, Auzex will:

- (i) promptly lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act;
- (ii) after the Effective Date but before the Record Date issue Auzex Shares to GGG pursuant to the Cash Balancing Adjustment, for the Cash Balancing Amount at the Cash Balancing Subscription Price per Auzex Share;
- (iii) close the Auzex Share Register as at 6.00 pm on the Record Date and determine entitlements to the Scheme Consideration in accordance with the Scheme and provide such information to BBG (or its share registry) in such form as BBG may reasonably require to facilitate the payment of the Scheme Consideration;
- (iv) promptly register all transfers of Scheme Shares to BBG in accordance with the Scheme; and
- (v) promptly do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

(b) Record Date

The Record Date for the Scheme is currently expected to be 6.00 pm on 5 April 2012. Only Scheme Shareholders whose names appear on the Auzex Share Register at 6.00 pm on the Record Date will be entitled to receive the Scheme Consideration.

For the purposes of determining persons entitled to Scheme Consideration, dealings in Auzex Shares will be recognised by Auzex provided that:

- (i) in the case of dealings of the type to be effected through CHESSE, the transferee is registered as the holder of the relevant Auzex Shares on or before 6.00 pm on the Record Date;
- (ii) in the case of Auzex Shares issued upon the exercise of any Auzex Options (where those options are capable of exercise), a valid exercise notice in respect of the Auzex Options and payment of the relevant exercise price in clear funds is received by Auzex at its registered office in Australia before 12.00 noon on the Business Day before the Record Date (in which case, Auzex will issue the Auzex Shares to which the exercise notice refers and cause the Auzex Optionholder to be entered in the Auzex Share Register before 6.00 pm on the Scheme Record Date); and
- (iii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Auzex Share Registry on or before 6.00 pm on the Record Date (in which case Auzex will cause such transfers to be registered before 6.00 pm on the Record Date).

Auzex will not recognise, for the purpose of establishing who is entitled to Scheme Consideration, any exercise notice in respect of Auzex Options or any transmission application or transfer in respect of Auzex Shares received after these times.

(c) Effective Date

If the Scheme is approved by the Court, Auzex must lodge a copy of the orders of the Court approving the Scheme with ASIC. The Scheme will become Effective on the date that lodgement occurs. This date is the Effective Date. Upon the Scheme becoming Effective it will bind Auzex and all Scheme Shareholders, including those who do not attend the Scheme Meeting or who do not vote at the Scheme Meeting or who vote against the Scheme at the Scheme Meeting.

If the Scheme has not become Effective or the Scheme Conditions have not been satisfied by the Sunset Date, or such later date as Auzex and BBG may agree in writing, either Auzex or GGG may terminate the Merger Implementation Agreement, and if so the Scheme will not be Effective and the Merger will not occur.

(d) Implementation Date

On the Implementation Date, subject to the provision of the Scheme Consideration, all Auzex Shares held by Scheme Shareholders will be transferred to BBG without any further action required by

Details of the Merger and its implementation

Scheme Shareholders. Auzex will enter the name of BBG into the Auzex Share Register in respect of the Auzex Shares. Auzex will then become a wholly owned subsidiary of BBG.

BBG will:

- (i) issue the New BBG Shares required to be issued by it under the Scheme on terms such that each such BBG Share will rank equally in all respects with each existing BBG Share;
- (ii) ensure that each New BBG Share issued as Scheme Consideration is duly issued and is fully paid and free from any mortgage, charge, lien, encumbrance or other security interest; and
- (iii) use all reasonable endeavours to ensure that all New BBG Shares issued as Scheme Consideration are approved for listing and trading on ASX and AIM and, to the extent permitted by ASX and AIM respectively, that trading in them commences as soon as practicable after the Effective Date and on a normal settlement basis no later than the second Business Day after the Implementation Date.

As from the time at which the Scheme Consideration is provided, all share certificates and holding statements for the Scheme Shares will cease to have any effect other than as evidence of entitlement to Scheme Consideration, other than for BBG and its Related Bodies Corporate.

(e) Suspension of trading Auzex Shares and delisting of Auzex

It is expected that suspension of trading in Auzex Shares on the ASX will occur from the close of trading on ASX on the Effective Date (anticipated to be 28 March 2012). At a time after the Implementation Date to be determined by BBG (expected to be 11 April 2012), Auzex will apply to ASX for termination of official quotation of Auzex Shares on ASX and to have itself removed from the official list of ASX.

(f) Commencement of trading of New BBG Shares comprising Scheme Consideration

It is expected that the New BBG Shares comprising the Scheme Consideration will commence trading on ASX and AIM on or about 17 April 2012.

(g) Payments to Ineligible Foreign Shareholders

New BBG Shares to which the Ineligible Foreign Shareholders would otherwise be entitled will be sold by the Sale Agent as soon as practicable (and in any event not more than 15 Business Days after the Implementation Date) and the Cash Proceeds shall be promptly remitted to the relevant Ineligible Foreign Shareholders.

For more information see section 4.12 of this Booklet.

11.10 Warranties by Scheme Shareholders under the Scheme

Pursuant to section 8.3(a) of the Scheme all Scheme Shareholders, including those who vote against the Scheme and those who do not vote, are deemed to have warranted to BBG that their Auzex Shares are not subject to any of the encumbrances specified in the Scheme. The Scheme is attached at Appendix 2 to this Booklet.

11.11 New BBG Shares

Under the terms of the Scheme all Scheme Shareholders who receive New BBG Shares will have their names and addresses entered on the BBG Share Register on the Implementation Date.

For a discussion of the rights attaching to BBG Shares see section 7.10 of this Booklet.

Each holder of BBG Shares is responsible for confirming their holding before selling their BBG Shares on a deferred settlement basis. Any sale of New BBG Shares before receipt of a holding statement is at the risk of the holder of those securities. To the extent permitted by law, Auzex, BBG and Computershare Investor Services Pty Limited disclaim all liability, whether in negligence or otherwise, to persons who sell their New BBG Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by Auzex, BBG, Computershare Investor Services Pty Limited, a broker or otherwise.

Details of the Merger and its implementation

11.12 Auzex issued options - ESOP Options Exchange Arrangements

At the time of the Scheme Meeting the only Auzex Options on issue will be unlisted options issued to Auzex directors and employees pursuant to the terms of the Auzex employee share ownership plan (ESOP).

The ESOP Options on issue are:

Class of Security	Number on Issue
Unlisted options expiring 21 October 2013 exercisable at \$0.10 (Not quoted on ASX)	1,943,479
Unlisted options expiring 28 October 2014 exercisable at \$0.19 (Not quoted on ASX)	426,425

There is a total of seven holders of unlisted Auzex Options issued pursuant to the ESOP (ESOP Options), being the five Auzex directors and two staff members. The Auzex Options held by Auzex Directors and staff are:

Name	10c Options Held	19c Options Held
Chris Baker	104,348	-
John Lawton	782,609	-
Greg Partington	652,174	-
Eugene Illiescu	104,348	-
Paul Frederiks	300,000	-
Trevor Pilcher	-	272,235
Kristin Rowe	-	154,190
TOTAL	1,943,479	426,425

To facilitate the Merger, Auzex and BBG have entered into private contractual arrangements with each of the seven directors and staff members holding ESOP Options, pursuant to which (subject to the Merger of Auzex and GGG being implemented) the ESOP Options will be cancelled and the option holders will be granted BBG Options as consideration for the cancelled ESOP Options (**ESOP Option Exchange Arrangements**).

The BBG Options to be issued pursuant to the Option Exchange Arrangements will be on the following terms to ensure the economic equivalence of the BBG Options and ESOP Options, subject to any adjustment that may be required for BBG to replace Auzex as the issuer and to comply with the Corporations Act and the ASX Listing Rules with the ASX Listing Rules.

(a) Number of BBG Options to be issued: The number of BBG Options to be issued on the Implementation Date as consideration for cancellation of the ESOP Options pursuant to the Option Exchange Arrangements is (subject to rounding) calculated by the formula:

AO multiplied by R

where:

AO is the number of ESOP Options held by the ESOP Optionholder

R is the Share Scheme Ratio

(b) Exercise Price of the BBG Options: BBG Options are to have an Exercise Price calculated by the formula:

SOE divided by R

where:

Details of the Merger and its implementation

SOE is the exercise price of the ESOP Options for which the BBG Options are issued

R is the Share Scheme Ratio

(c) Vesting: BBG Options granted pursuant to the ESOP Option Exchange Arrangements as consideration for vested ESOP Options will be fully vested on the date of grant. All other BBG Options issued pursuant to the ESOP Option Exchange Arrangements will fully vest on 1 July 2012.

(d) Expiry Date: BBG Options granted pursuant to the ESOP Option Exchange Arrangements will expire on the same date as the ESOP Options would have done (that is, 21 October 2013 for the 10 cent Options, and 28 October 2014 for the 19 cent Options).

(e) Other terms and conditions: BBG Options will otherwise be on the same terms and conditions as the ESOP Options cancelled save for any changes necessary for BBG to replace Auzex as the issuer and to comply with the Corporations Act and the ASX Listing Rules.



12

12.1 Introduction

This section provides general comments only regarding the Australian income tax implications for Auzex Shareholders arising from the disposal of their Auzex Shares under the Scheme.

The Australian tax consequences of the Scheme for Auzex Shareholders will depend on a number of factors, including:

- (a) the tax residence of the Auzex Shareholder;
- (b) whether the Auzex Shareholder holds their Auzex Shares on capital account or revenue account; and
- (c) the nature of the Auzex Shareholder – that is, whether they are an individual, company, trust or other entity.

The comments below identify the general Australian tax implications of the Scheme for Australian resident and non-Australian resident Auzex Shareholders who hold their Auzex Shares on capital and revenue account. The taxation consequences for an individual Auzex Shareholder may differ from those outlined below depending on the Auzex Shareholder's particular circumstances.

AUSTRALIAN TAXATION IMPLICATIONS

Accordingly, Auzex Shareholders should not rely on the summary below as a substitute for professional advice. Auzex Shareholders should obtain, and rely only on, their own professional tax advice about the consequences of the disposal of Auzex Shares for BBG Shares pursuant to the Scheme.

It is also recommended that all non-Australian resident Auzex Shareholders separately confirm the taxation implications associated with the Scheme in their country of residence.

The comments below are based on the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 (collectively referred to as the Tax Act) and relevant Australian Taxation Office pronouncements at the date of this Booklet, except as otherwise indicated.

12.2 Australian Resident Auzex Shareholders

12.2.1 Capital account

Australian resident Auzex Shareholders who hold their shares with a view to generating long term capital growth and dividend income will generally be considered to hold their shares on capital account.

The Australian income tax implications to such Auzex Shareholders as a result of the Scheme may be summarised as follows:

- (a) A capital gains tax (**CGT**) event will occur when Auzex Shareholders exchange their Auzex shares for BBG Shares. Subject to the availability of scrip for scrip rollover relief (see section 12.2.2 below), a capital gain will arise where the market value of the BBG Shares at the time of exchange is greater than the Auzex Shareholder's CGT cost base held in the existing Auzex Shares. Where Auzex Shares were acquired before 21 September 1999 an Indexation adjustment may be available in calculating any capital gain. Alternatively, certain Auzex Shareholders may be eligible for a CGT discount (see paragraph (c) below). Where the market value of the BBG New Shares is less than the CGT cost base of the Auzex Shares held, a capital loss will arise.
- (b) Subject to certain conditions being met, scrip for scrip rollover relief should be available for Australian resident Auzex Shareholders in relation to the exchange of Auzex Shares for BBG Shares. The result of Auzex Shareholders electing for the rollover rules to apply should be as follows:
 - (ii) any capital gain which would otherwise have been realised on the exchange should be disregarded; and
 - (iii) the cost base of the BBG Shares received is determined by attributing the particular shareholder's cost base of their Auzex Shares to their BBG Shares.
- (c) Scrip for scrip rollover relief will not be available to Auzex Shareholders who would otherwise realise a capital loss as a result of the Scheme.
- (d) Auzex Shareholders who are individuals or trusts and do not elect for rollover relief, or who are not eligible for rollover relief, may be eligible for a 50% discount on any capital gain that would arise, provided that they have held their shares in Auzex for at least 12 months prior to the exchange of Auzex Shares. Similarly, complying superannuation funds that do not elect for rollover relief or are not eligible for rollover relief, may be eligible for a 33 1/3% discount on any capital gain that would arise, provided that they have held their shares in Auzex for at least 12 months prior to the exchange. No such discount arises with respect to shares held by companies.

Australian Taxation Implications.

12.2.2 Availability of scrip for scrip capital gains tax rollover relief

In order for Auzex Shareholders to be able to obtain scrip for scrip rollover relief, all of the following conditions need to be satisfied:

- (a) the Auzex Shareholder exchanges their Auzex Shares for BBG Shares;
- (b) the exchange is in consequence of a single arrangement where:
 - (ii) all the owners of voting shares in Auzex could participate on substantially the same terms; and
 - (iii) as a result of the arrangement, BBG becomes the holder of at least 80% of those voting shares of Auzex.
- (c) apart from the rollover, the Auzex Shareholder would make a capital gain as a result of the exchange of their Auzex Shares under the Scheme; and
- (d) the Auzex Shareholder chooses to obtain scrip for scrip rollover relief.

Other than the specific issue to each Auzex Shareholder of whether or not they would make a capital gain and whether or not they elect to adopt rollover relief, all of the above conditions should be satisfied with respect to the Scheme.

In the case of a Ineligible Foreign Shareholders, the Sale Agent is appointed to sell the BBG Shares to which the Auzex Shareholder is otherwise entitled and pay the proceeds to the Ineligible Foreign Shareholder. Ineligible Foreign Shareholders will therefore receive only the Cash Proceeds on sale, as opposed to an ongoing shareholding in BBG.

The mechanism to provide a cash payment on sale of Auzex Shares to Ineligible Foreign Shareholder does not prevent the Scheme being on substantially the same terms for all Auzex Shareholders. In particular, Ineligible Foreign Shareholders receive the same economic value as Eligible Auzex Shareholders, and the sale of Auzex Shares on their behalf is an event which occurs subsequent to completion of the Scheme.

This is consistent with a number of Class Rulings issued by the Commissioner of Taxation dealing with similar scrip for scrip transactions.

12.3 Revenue account

Australian resident Auzex Shareholders who hold their Auzex Shares as part of a share trading business or with a view to making a short term profit may be viewed as holding their shares on revenue account.

In such Instances any gain made by such Auzex Shareholders as a result of the Scheme will constitute assessable income of the Shareholder. No scrip for scrip rollover relief or CGT discount will be available with respect to this gain.

Any loss Incurred by such Auzex Shareholders as a result of the Scheme may be applied against other assessable income of the Shareholder, or alternatively carried forward to offset against future assessable Income.

12.4 Consequences of holding BBG Shares

(a) Subsequent Disposal of BBG Shares

If an Australian resident Auzex Shareholder who held their Auzex Shares on capital account sells their BBG Shares after the Implementation Date, any gain or loss is likely to be subject to CGT on the basis the BBG Shares have been held on capital account.

If an Australian resident Auzex Shareholder who held their Auzex Shares on revenue account sells their BBG Shares after the Implementation Date, any gain or loss is likely to be subject to taxation on the basis the BBG Shares have been held on revenue account.

(b) Dividend Income

Dividends received by Australian resident Auzex Shareholders in relation to their BBG Shares are required to be included in their assessable income.

(c) Other Taxes

No Goods and Services Tax or stamp duty should be payable in Australia by Auzex Shareholders in relation to the disposal of Auzex Shares or on the receipt of BBG Shares.

12.5 Non-Australian Resident Auzex Shareholders

The following comments are general in nature and address only the Australian tax implications of the Scheme for non-Australian resident Auzex Shareholders. Non-resident Scheme Shareholders should obtain independent professional advice to confirm the tax implications of the Scheme in their country of residence.

12.5.1 Capital account

Generally, any capital gain or loss realised by non-Australian resident Auzex Shareholders on the exchange of their Auzex Shares will be disregarded unless either:

- (a) the Auzex Shares are held in connection with a business carried on by the Auzex Shareholder through a permanent establishment in Australia; or
- (b) both of the following conditions are satisfied:
 - (i) the non-Australian resident Auzex Shareholder together with their associates hold at least 10% of the Auzex Shares either at the time of the exchange or for at least 12 months during the 24 months before the exchange; and
 - (ii) at the time of the exchange, at least 50% or more of the market value of Auzex's assets are attributable to taxable Australian real property. Taxable Australian real property includes mining, quarrying or prospecting rights where the minerals, petroleum or quarry materials are situated in Australia.

In the event that a non-Australian resident Auzex Shareholder cannot disregard a capital gain or loss, then the Australian tax implications of the Scheme will be similar to those outlined above for Australian resident Auzex Shareholders. However, the tax implications will differ for Ineligible Foreign Shareholders who receive cash proceeds from the sale of the BBG Shares. In this regard

- Auzex Shareholders who only receive proceeds from the sale of the BBG Shares by the appointed Sale Agent will calculate their capital gain or loss based on the sale proceeds received. No CGT discount will be available; and
- other non-Australian resident Auzex Shareholders (ie New Zealand resident Auzex Shareholders) who receive BBG Shares may be eligible for scrip for scrip rollover relief, depending on their particular circumstances.

Subsequent Disposal of BBG Shares

If the BBG Shares are not considered to be Taxable Australian Property (TAP) at the Implementation Date, non-Australian resident Auzex Shareholders should not be subject to CGT in relation to any gains (or losses) from the disposal of their BBG Shares acquired pursuant to the Scheme.

In broad terms, Auzex Shares may be TAP of a non-Australian resident Auzex Shareholder if the conditions in section 12.5.1(b) above are satisfied.

12.5.2 Revenue account

Where non-Australian resident Auzex Shareholders hold their shares in Auzex on revenue account, then any gain or profit on exchange of these shares may be assessed in Australia. The tax implications will depend on a number of factors, including the provisions of any double tax agreement between Australia and the country of residence of the Shareholder. Auzex Shareholders in this situation should seek their own independent advice in relation to the taxation implications arising from the Scheme, both within and outside of Australia,

12.5.3 Dividend Income

Non-Australian resident BBG Shareholders may be subject to Australian dividend withholding tax on dividends received from BBG.

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13.1 Introduction

This section 13 sets out additional information required to be disclosed to Auzex Shareholders in relation to the Scheme pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to Auzex Shareholders in relation to the Scheme and the Merger.

13.2 Intention of Auzex Directors regarding the business of Auzex

If the Scheme becomes Effective, it is a matter for the reconstituted BBG Board to determine its intentions as to:

- (a) the continuation of the business of Auzex;
- (a) any major changes to the business of Auzex;
- (b) and the future employment of the present employees of Auzex.

The current intentions of Auzex and BBG in relation to these matters are set out in sections 6 and 8 of this Booklet.

If the Scheme does not become Effective, the current Auzex Board intends to continue the business of Auzex as a holder of 50% of the Bullabulling Gold Project pursuant to the Bullabulling Joint Venture.

ADDITIONAL INFORMATION

13.3 Intention of Auzex Directors concerning the Scheme

The Auzex Directors believe that, taking into account all relevant matters, including alternatives, the Scheme is in the best interests of Auzex and Auzex Shareholders.

While you do not have to vote, the Auzex Board believes that the Scheme is important to all Auzex Shareholders. Each Auzex Director recommends that Auzex Shareholders vote in favour of the Scheme at the Scheme Meeting in order to effect the Merger.

Each Auzex Director intends to vote all Auzex Shares held or controlled by them in favour of the Scheme.

13.4 Interests of Auzex Directors in Auzex securities

As at the date of this Booklet, the number and description of securities of Auzex in which each of the Directors of Auzex has a Relevant Interest are:

Name	Shares Held	10c Unlisted ESOP Options Held
Chris Baker	513,996	104,348
John Lawton	7,427,245	782,609
Greg Partington	1,482,238	652,174
Eugene Iliescu	2,374,530	104,348
Paul Frederiks	1,310,032	300,000
TOTAL	13,108,041	1,943,479

Dealings in Marketable Securities of Auzex by Auzex Directors in the four months preceding the date of this Booklet were:

Transaction		Chris Baker	John Lawton	Greg Partington	Eugene Iliescu	Paul Frederiks
Participation in Renounceable Rights Issue	Number of Shares Acquired	77,764	200,000	210,000	370,107	202,502
	Consideration Paid	\$18,663	\$48,000	\$50,400	\$88,826	\$48,600
On-market sale of quoted options	Number Sold			130,443		
	Consideration Received			\$9,381		
Exercise of quoted options	Number Exercised and Shares acquired	47,415	55,556	66,928	153,889	95,025
	Consideration	\$6,164	\$7,222	\$8,701	\$30,778	\$12,353

If the Scheme becomes Effective:

- these Auzex Shares will be dealt with under the Scheme in the same manner as will apply to all other Auzex Shareholders; and

Additional Information.

- the 10 cents unlisted ESOP Options will be cancelled pursuant to the ESOP Options Exchange Arrangements (refer to section 11.12 of this Booklet).

Except as stated above, there has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of Auzex by any Auzex Director in the four months preceding the date of this Booklet.

13.5 Interests of Auzex and Auzex Directors in BBG securities

As at the date of this Booklet:

- (a) Auzex does not have a Relevant Interest in any BBG Shares or any other marketable securities of BBG; and
- (b) no Auzex Directors hold Relevant Interests in any BBG Shares or any other marketable securities of BBG.

Except as indicated below, there has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of BBG by any Auzex Director in the four months preceding the date of this Booklet.

Auzex Directors who hold Auzex Shares will be entitled to vote on the Scheme and receive BBG Shares on the same terms as all other Auzex Shareholders.

Auzex Directors will also be entitled to receive BBG Options in exchange for their ESOP Options in accordance with the ESOP Option Exchange Arrangements. The BBG Shares and BBG Options to which Auzex Directors will be entitled in exchange for their Auzex Shares and Auzex Options are as calculated in sections 10.2 and 11.12 respectively.

13.6 Interests of BBG and BBG's associates in Auzex Securities

As at the date of this Booklet GGG holds 10,266,667 Auzex Shares totalling approximately 7.31% of Auzex's issued Shares, which it will retain after the Merger along with Auzex Shares to be acquired as part of the Cash Balancing Adjustment. If the Scheme is implemented BBG will control all Auzex Shares.

No BBG Directors hold Relevant Interests in any Auzex Shares or any other marketable securities of Auzex.

The voting power (as defined in the Corporations Act) of GGG in Auzex as at the date of this Booklet is 7.31%.

Except as disclosed in this Booklet (in particular in relation to the Cash Balancing Adjustment and the ESOP Options Exchange Arrangement), during the four months before the date of this Booklet neither BBG nor GGG or any associate of BBG or GGG has:

- (a) provided, or agreed to provide, consideration for any Auzex Shares or Auzex Options; or
- (b) given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to vote in favour of the Scheme or dispose of Auzex Shares which benefit is not offered to all Auzex Shareholders under the Scheme, or dispose of Auzex Options.

13.7 Benefits to Auzex officers in connection with retirement from office

Except as set out below, there is no current proposal for a payment or other benefit to be made or given to a director, secretary or executive officer of Auzex or any Related Body Corporate of Auzex, as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Auzex or any Related Body Corporate of Auzex as a result of the Scheme.

The terms of the executive services agreements in section 6.12.7 provide for the payment of benefits upon termination of the agreements.

With effect from the Implementation Date, Auzex intends to terminate the services agreements with Messrs Lawton and Partington, and with Frederiks Investments QLD Pty Ltd. Accordingly, Auzex

Additional Information.

Directors will be entitled to receive the following termination payments upon the termination of their service contracts with Auzex:

- John Lawton: \$281,667
- Greg Partington: \$250,000
- Paul Frederiks: \$179,608*
*(Payable to Frederiks Investments Qld Pty Ltd)

13.8 Agreements or arrangements connected with or conditional on the Scheme

Except as disclosed below or elsewhere in this Booklet, there are no agreements or arrangements made between any Auzex Director and another person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as an Auzex Shareholder.

- (a) Each of Auzex and GGG (**Indemnifier**) has agreed in the Merger Implementation Agreement to indemnify the other and its directors and officers against any loss suffered or incurred by reason of any breach of any of the representations or warranties given by the Indemnifier. Each party also releases the directors, officers and employees of the other for anything done or not done in connection with the preparation or provision of information to the extent that such director, officer or employee has acted in good faith and has not engaged in willful misconduct.
- (b) In accordance with the terms of the MIA, if the Merger is implemented, John Lawton and Chris Baker, who are both current Auzex Directors, may be nominated to join the BBG Board. It is anticipated that BBG Directors will be entitled to receive an annual retainer, meeting attendance fees, reimbursement of actual expenses from BBG and be eligible for participation in BBG stock-based compensation programs.

13.9 Auzex Directors' interests in BBG contracts

Except as disclosed elsewhere in this Booklet, no Auzex Director has any interest in any contract entered into with BBG or GGG, or any interest as a creditor of BBG or GGG.

13.10 Disclosure of payments and benefits to Auzex Directors, secretaries and executive officers

Except as disclosed elsewhere in this Booklet, no Auzex Director, secretary or officer of Auzex (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from BBG which is conditional on, or is related to, the Scheme.

13.11 Disclosure of interests

Except as disclosed below or elsewhere in this Booklet, no:

- (a) Auzex Director;
- (b) BBG Director;
- (c) person named in this Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Booklet; or
- (d) promoter of the Merged Group,
(together **Interested Persons**) holds, or held at any time during the two years before the date of this Booklet any interests in:
 - (e) the formation or promotion of the Merged Group;
 - (f) property acquired or proposed to be acquired by BBG in connection with the formation or promotion of the Merged Group or the offer of New BBG Shares under the Scheme; or
 - (g) the offer of BBG Shares under the Scheme.

13.12 Disclosure of fees and other benefits

Except as disclosed elsewhere in this Booklet or otherwise in accordance with usual, arms length commercial arrangements, none of BBG, GGG or Auzex has paid or agreed to pay any fees, or provided or agreed to provide any benefit to a proposed director of BBG to induce them to become or qualify as a director of BBG.

Additional Information.

13.13 BBG capital structure

The capital structure of BBG is set out in section 7 of this Booklet. No BBG Shares have been sold during the three month period ending on the date of this Booklet other than pursuant to the GGG Scheme.

The rights attaching to BBG Shares are set out in the BBG constitution described in section 7.10 of this Booklet.

13.14 Capital raising by BBG

Except pursuant to the GGG Scheme, BBG has not raised any capital for the three months prior to the date of this Booklet and, except pursuant to the Scheme, will not need to raise any capital for the three months after that date.

13.15 Material changes in financial position

The latest published financial statements of Auzex are the financial statements for the year ended 30 June 2011 that were released to the ASX on 16 September 2011. To the knowledge of the Auzex directors, there has not been a material change in the financial position of Auzex since 30 June 2011, except as disclosed in this Booklet or in announcements to the ASX.

Auzex will provide, free of charge, copies of the financial statements to anyone who requests them.

13.16 Creditors of Auzex

The Scheme, if implemented, is not expected to materially prejudice Auzex's ability to pay its creditors because it involves an acquisition of Auzex Shares by a third party, rather than the acquisition of Auzex's underlying assets.

No material new liability (other than transaction costs) is expected to be incurred by Auzex as a consequence of the implementation of the Scheme.

Auzex has paid and is paying all its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

13.17 Auzex trading policy

Auzex has a policy relating to the trading of Auzex Securities (separate from and additional to the legal constraints imposed by the common law, the Corporations Act and the ASX Listing Rules). This policy applies to all directors and employees of Auzex and their associates (including spouses, children, family trusts and family companies) as well as contractors, consultants, advisers and auditors. Under that policy, these individuals are prohibited from trading in Auzex Securities while in possession of unpublished price sensitive information concerning Auzex or any ASX listed company and outside designated periods.

13.18 Right to inspect and obtain copies of the Auzex Share Register and the Auzex option register

An Auzex Shareholder has the right to inspect the Auzex Share Register and the Auzex option register, which contain the name and address of each Auzex Shareholder and certain other prescribed details relating to Auzex Securities, without charge. An Auzex Shareholder also has the right to request a copy of the register, upon payment of a fee (if any) up to a prescribed amount.

13.19 ASX and ASIC waivers, approvals and exemptions

13.19.1 ASX waivers and approvals

(a) To Auzex

ASX has granted the following waivers to Auzex:

- (i) ASX Listing Rule 6.23.2 provides that an option issued by a listed company may not be cancelled for consideration except with the approval of an ordinary resolution of the company's shareholders in general meeting.

Additional Information.

ASX has granted Auzex a waiver from ASX Listing Rule 6.23.2 in respect of the ESOP Option Exchange Arrangements to allow Auzex to cancel all of the ESOP Options:

- (A) in consideration for BBG granting BBG Options to the holders of ESOP Options in accordance with the Option Exchange Arrangements; and
- (B) without shareholder approval.

The waiver is conditional on full details of the cancellation of the Auzex ESOP Options being clearly set out to ASX's satisfaction in the Booklet, and the Merger being implemented.

- (ii) In summary, ASX Listing Rule 7.1 provides that a listed company must not issue or agree to issue a number of shares that is greater than 15% of its total number of issued shares at the time of issue, except with the approval of an ordinary resolution of the company's shareholders in general meeting.

The Cash Balancing Adjustment may result in Auzex being required to issue Auzex Shares in excess of 15% of the number of issued Auzex Shares at the time of the Cash Balancing Adjustment.

ASX has granted Auzex a waiver from Listing Rule 7.1 to the extent necessary to enable Auzex to issue Auzex Shares to GGG under the Cash Balancing Adjustment without shareholder approval, notwithstanding that this may result in the issue of Auzex Shares representing more than 15% of the number of issued Auzex Shares.

The ASX waiver is subject to the conditions that:

- ASIC grants GGG relief from section 606 of the Corporations Act to permit GGG to acquire voting power in Auzex of greater than 20% pursuant to the Cash Balancing Adjustment without Auzex shareholder approval (refer to section 13.19.2 below);
- full details of the Cash Balancing Adjustment being clearly set out to ASX's satisfaction in the Booklet; and
- the Scheme being approved by the Requisite Majority of Auzex Shareholders, without counting any votes cast in favour of the Scheme by GGG and its associates.

(b) To BBG

ASX has stated to BBG that, subject to any amendments to the Listing Rules or changes in the interpretation or administration of the Listing Rules and policies of ASX, on receipt of an application for admission to the official list of ASX by BBG ASX would be likely to do each of the following:

- (i) Agree that BBG may issue an Information Memorandum (**IM**) based on the scheme booklet for the scheme of arrangement between GGG and its security holders (the **GGG Scheme**) that complies with the information memorandum requirements of Appendix 1A of the Listing Rules (except as waived) instead of a prospectus for the purposes of Listing Rule 1.1 condition 3.
- (ii) Grant a waiver from Listing Rule 1.1 condition 3 to permit BBG not to comply with paragraph 108 of Appendix 1A to the extent necessary to permit BBG not to include in the IM the statement that the IM includes all information that would be required under the prospectus provisions of the Corporations Act 2001, on the condition that GGG provides a statement to the market that it is in compliance with Listing Rule 3.1 at the time that BBG is admitted to the official list.
- (iii) Grant a waiver from Listing Rule 1.1 condition 3 to permit BBG not to comply with paragraph 117 of Appendix 1A to the extent necessary to permit BBG not to include a statement in the IM that a supplementary information memorandum will be issued if BBG becomes aware of certain matters occurring between the issue of the IM and the date BBG's securities are quoted on ASX, on condition that any such matters are announced to the market by GGG and GGG undertakes to keep the market informed of material information relating to BBG.
- (iv) Grant a waiver from Listing Rule 1.1 condition 8 to the extent necessary to permit BBG to be admitted to the official list without complying with either Listing Rules 1.2 or 1.3, on the condition that GGG satisfies Listing Rules 12.1 and 12.2 at the time BBG is admitted to the official list.

Additional Information.

- (v) Grant a waiver from Listing Rule 1.1 condition 11 to allow BBG, at the time of admission to the official list, to have on issue 5,075,000 options with an exercise price of less than 20 cents, on condition that the terms of the options and the Option Exchange Arrangements (entered into between GGG and its option holders) are disclosed in the GGG Scheme booklet.
- (vi) Grant a waiver to GGG from Listing Rule 6.23.2 to the extent necessary to permit GGG to cancel for consideration and without security holder approval, unquoted options in GGG (the "GGG Options") on the following conditions;
- GGG shareholders and a Court of competent jurisdiction approve the GGG Scheme under the relevant UK legislation.
 - Full details of the cancellation of the GGG Options are set out to ASX's satisfaction in the IM.
- (vii) Grant a waiver from Listing Rule 10.11 to the extent necessary to permit BBG to issue, without security holder approval, replacement equity securities to security holders of Auzex Resources Limited ("Auzex"), in connection with the proposed merger between Auzex and BBG, on the following conditions:
- Auzex security holders and a Court of competent jurisdiction approve a scheme of arrangement between Auzex and its shareholders under Part 5.1 of the Corporations Act 2001 (Cth), as a result of which all of the shares in the capital of Auzex will be transferred to BBG (the "Auzex Scheme").
 - The securities are issued on materially the same terms as the securities being cancelled in connection with the Auzex Scheme.
- (viii) Confirm that the terms of BBG options, and any remaining GGG options not exchanged under the ESOP Option Exchange Arrangements, are appropriate and equitable for the purposes of Listing Rule 6.1 on condition that the terms remain as set out in the GGG Scheme booklet.

BBG has also applied to ASX for the following waivers. Although these waivers have not been granted at the date of this Booklet, Auzex Directors have no reason to believe the waivers will not be granted.

- (ix) A waiver to be granted to BBG from Listing Rule 10.1 to allow BBG to issue New BBG Shares to Baker Steel Capital Managers without BBG shareholder approval, notwithstanding that Baker Steel Capital Managers will hold share in BBG representing more than 10% of BBG's issued shares.
- (x) A waiver to be granted to allow BBG to grant BBG Options, pursuant to the ESOP Option Exchange Arrangements, having an exercise price of less than \$0.20 per BBG Option.

13.19.2 ASIC Exemption

The Cash Balancing Adjustment may result in GGG being required to acquire a Shareholding in Auzex of more than 20% of Auzex Shares. Such an acquisition by GGG would be unlawful, being a contravention of the prohibition in sub-sections 606(1), (2) and (4) of the Corporations Act on GGG acquiring voting power of more than 20% in Auzex.

Accordingly, GGG has obtained an exemption from ASIC, under section 655A(1) of the Corporations Act, from the application of sub-sections 606(1), (2) and (4) of the Act to the extent necessary to enable Auzex to issue Auzex Shares to GGG under the Cash Balancing Adjustment notwithstanding that this may result in GGG (and its associates, being BBG and any subsidiaries of BBG or GGG) acquiring voting power in Auzex of more than 20%. Note in this regard that the Cash Balancing Adjustment will not occur unless the Scheme first becomes Effective, so GGG's acquisition of a shareholding of more than 20% would soon be followed on the Implementation Date by BBG acquiring the balance of Auzex Shares.

13.20 No relevant restrictions in the Auzex constitution

There are no restrictions on the right to transfer Auzex Shares in the Auzex constitution.

ESOP Options are (by their terms) generally unable to be transferred cancelled. Auzex has however obtained a waiver from ASX to permit it to modify the terms of the Auzex Options (without requiring Auzex Shareholder approval) to permit them to be cancelled under the ESOP Option Exchange Arrangement.

Additional Information.

13.21 No unacceptable circumstances

The Auzex Directors do not believe that the Scheme involves any circumstances in relation to the affairs of Auzex that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

13.22 Auzex Shareholders in jurisdictions outside Australia

This Booklet and the Scheme are subject to Australian disclosure requirements that may be different to those applicable in other jurisdictions. This Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. Any Auzex Shareholder (excluding Ineligible Foreign Shareholders) whose address as shown in Auzex Share Register at 6.00 pm on the Record Date as outside of Australia should refer to section 10.3 for further information.

Any Auzex Shareholder whose address as shown in the Auzex Share Register at 6.00 pm on the Record Date as a place outside Australia and its external territories, New Zealand, the United States and the United Kingdom (unless BBG is satisfied, acting reasonably, that the laws of that Auzex Shareholder's country of residence (as shown in the Auzex Share Register) permit the issue and allotment of New BBG Shares, either unconditionally or after compliance with conditions which BBG in its sole discretion regards as acceptable) will be an Ineligible Foreign Shareholder for the purposes of the Scheme.

BBG will not issue New BBG Shares to an Ineligible Foreign Shareholder. If you are an Ineligible Foreign Shareholder, you should refer to section 4.12 for further information.

13.23 Consents and disclaimers

(a) Consents

Each of the parties named below as consenting parties:

- has given and has not, before lodgment of this Booklet with ASIC, withdrawn its written consent to be named in this Booklet in the form and context in which it is named;
- has given and has not, before the lodgment of this Booklet with ASIC, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names below, and the references to those statements and reports in the form and context in which they are included in this Booklet; and
- does not make, or purport to make, any statement in this Booklet other than those statements referred to below in respect of that person's name (and as consented to by that person).

Role	Consenting Party
Independent Expert	BDO Corporate Finance (QLD) Ltd
Technical Valuer	CSA Global Pty Ltd
Financial advisor	BBY Limited
Legal Adviser	Thomsons Lawyers
Sale Agent	BBY Limited
Share Registry	Computershare Investor Services Pty Limited

(b) Disclaimer

Each person named in section 13.23(a):

- does not make, or purport to make, any statement in this Booklet or any statement on which a statement in this Booklet is based, other than their respective statements and reports noted next to their names (where applicable) which has been included in this Booklet with the consent of that party; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Booklet, other than their respective statements and reports noted next to their names (where applicable) which has been included in this Booklet with the consent of that party.

Additional Information.

13.24 Costs

Expenses of the Merger payable by Auzex amount to about \$800,000, including stamp duty, advisory, legal, accounting, listing and administrative fees as well as printing, advertising and other expenses.

Pursuant to the MIA GGG must pay Auzex up to \$250,000 towards Auzex's costs as a reflection of any additional costs that may be incurred by Auzex in undertaking the Scheme, with such amount to be quantified and determined by agreement of Mr Nigel Clark, non-executive director of GGG, and Mr Chris Baker, chairman of Auzex, and paid at least 14 days before the Record Date.

13.25 Regulatory and legal

(a) Foreign exchange controls

The Reserve Bank of Australia generally does not restrict the import and export of Australian dollars. There are currently no Australian exchange controls or other limitations, other than an applicable withholding of Australian tax, which restrict the remittances of any dividends, interest or other payment by BBG to non-resident holders of BBG Shares outside Australia, provided they are not resident in or a resident of a place to which, or a person to whom, such remittances would be prohibited.

(b) Restrictions on foreign ownership

There are no limitations, either under the laws of Australia or under the constitution of BBG, to the right of non-residents to hold or vote BBG Shares other than the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth) (**FATA**). FATA may affect the right of certain persons to hold or control BBG Shares. Acquisitions of shares in Australian companies by foreign interests are subject to review and approval by the Treasurer of the Commonwealth of Australia under FATA, which applies to any acquisition by a foreign person or associated foreign person which would result in a holding of 15% or more of the issued shares of, or control of 15% or more of the voting power in, an Australian company. Further, it applies to any acquisition by non-associated foreign persons which would result in a holding by these persons of 40% or more of the issued shares of, or control of 40% or more of the voting power in, an Australian company.

13.26 Supplementary information

Auzex will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of lodgment of this Booklet for registration by ASIC and the Effective Date:

- (a) a material statement in this Booklet is false or misleading;
- (b) a material omission from this Booklet;
- (c) a significant change affecting a matter included in this Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Booklet if it had arisen before the lodgment of this Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Auzex may circulate and publish any supplementary document by:

- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document on Auzex's website at www.auzex.com; or
- making an announcement to the ASX.

Additional Information.

13.27 Information relating to ore reserves and mineral resources

(a) Auzex

The information in this Booklet that relates to mineral resources for Auzex is based on information compiled by Mr John Lawton, who is a full time employee of Auzex. Mr Lawton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lawton consents to the inclusion in this Booklet of the matters based on this information in the form and context in which it appears.

(b) GGG

The information in this Booklet of a scientific or technical nature relating to the BEG properties is based on technical reports prepared for those properties. The information in this document that relates to Exploration Results, Mineral Resources and Ore Reserves as each item is identified in the JORC Code is based on information compiled by Dr Jeffrey Malaihollo PhD who is a full-time employee of GGG and Member of The Australasian Institute of Mining and Metallurgy and the Geological Society of London. He is Qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. He consents to the inclusion in this Booklet of the matters based on this information in the form and context in which it appears.

13.28 Effects of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Booklet (including but not limited to those in respect of the Scheme Consideration), are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from the figures set out in this Booklet.

13.29 Data in charts, graphs and tables

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the latest reasonably practicable date before the date of this Booklet. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

13.30 No other material information

Other than as set out in this Booklet, there is no information material to the making of a decision in relation to the Scheme or a decision by an Auzex Shareholder whether or not to vote in favour of the Scheme, being information that is within the knowledge of any Auzex Directors or of a Related Body Corporate of Auzex and which has not previously been disclosed to Auzex Shareholders.

Definitions

In this Booklet the following words have these meanings unless the contrary intention appears or the context otherwise requires:

AEL	Auzex Exploration Limited ACN 153 608 596
AIM	the AIM market of the London Stock Exchange
AIM Rules	the rules of the London Stock Exchange for AIM companies and their nominated advisers governing admission to and operation of AIM, as amended from time to time
Appendix	an appendix to this Booklet
ASIC	Australian Securities and Investments Commission
Associate	has the meaning given to that term in section 9 of the Corporations Act
ASX	ASX Limited or the financial market which it operates, as the context requires
ASX Listing Rules or Listing Rules	the official listing rules of the ASX
Auzex	Auzex Resources Limited ACN 106 444 606
Auzex Board	the board of Auzex Directors
Auzex Directors	the directors of Auzex
Auzex Group	Auzex and its controlled entities
Auzex Information Line	the Auzex information line established by Auzex for the purpose of the Merger
Auzex Option	an option to subscribe for an Auzex Share
Auzex Share	a fully paid ordinary share issued in the capital of Auzex
Auzex Shareholder	a person who is registered in the Auzex Share Register as the holder of one or more Auzex Shares from time to time
Auzex Share Register	the register of Auzex Shareholders maintained in accordance with section 169 of the Corporations Act
Auzex Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
BBG	Bullabulling Gold Limited, a public company incorporated in Australia and registered in Western Australia ACN 153 234 532
BBG Board	the board of BBG Directors
BBG Directors	the directors of BBG
BBG Option	an option to subscribe for BBG Shares
BBG Share	a fully paid ordinary share issued in the capital of BBG
BBG Share Register	the register of BBG shareholders maintained in accordance with section 169 of the Corporations Act
Booklet	this booklet containing the explanatory statement relating to the Scheme as required by Part 5.1 of the Corporations Act, the notice of meeting in relation to the Scheme, and other information (including any supplementary information) relating to any of the above matters and distributed to Auzex Shareholders
Business Day	a day that is both a Business Day within the meaning given in the ASX Listing Rules and a day that banks in Perth, Western Australia and Brisbane, Queensland, are open for business

DEFINITIONS AND INTERPRETATION

Bullabulling Gold Project	the Bullabulling gold deposit located in the Coolgardie region of Western Australia, including the tenements and associated assets.
Bullabulling Joint Venture	the 50-50 joint venture between Auzex and GGG for the exploration and development of the Bullabulling Gold Project.
Bullabulling Joint Venture Agreement	the joint venture agreement between Auzex and GGG dated 17 May 2010 that established and governs the Bullabulling Joint Venture.
Cash Balancing Adjustment	the subscription by GGG for Auzex Shares of the Cash Balancing Amount at the Cash Balancing Subscription Price per Auzex Share as described in sections 4.4, 11.1(d) and 11.2
Cash Balancing Amount	the amount required to be subscribed by GGG to Auzex to ensure that the Net Cash Assets of GGG and Auzex are equal on the Effective Date, as determined on the date that is eight (8) days before the date of the Scheme Meeting
Cash Balancing Subscription Price	the five (5) day VWAP of Auzex Shares on ASX ending on the date that is eight (8) days before the date of the Scheme Meeting, discounted by 10%
Cash Proceeds	means the sale proceeds of New BBG Shares sold by the Sale Agent in respect of Ineligible Foreign Shareholders, converted into Australian dollars and less any applicable brokerage, stamp duty and other selling costs, taxes and charges
CGT	Capital gains tax
CHES	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX
Corporations Act	the Corporations Act 2001 (Cth)
Competing Proposal	<p>A proposed transaction or arrangement pursuant to which a person other than Auzex, GGG or BBG would, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:</p> <ul style="list-style-type: none"> (a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a substantial part of the assets or business of GGG, Auzex or BBG; (b) acquire a relevant interest in 50% or more of the ordinary shares of GGG, Auzex or BBG or otherwise acquire control of GGG, Auzex or BBG within the meaning of section 50AA of the Corporations Act; or (c) otherwise acquire or merge with GGG, Auzex or BBG whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buyback, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure or other synthetic merger or any other transaction or arrangement
Court	the Supreme Court of Queensland
Deed Poll	the deed poll dated 14 February 2012 executed by BBG whereby, among other things, BBG covenants to carry out its obligations under the Scheme, as set out in Appendix 3
Demerger	the demerger of AEL from Auzex
Effective	in respect of the Scheme, the coming into effect, under section 411(10) of the Corporations Act of the order of the Court made under sections 411(4)(b) (and if applicable, section 411(6)) in relation to the Scheme.

Definitions and Interpretations.

Effective Date	the date on which the Scheme becomes Effective
Eligible Scheme Shareholder	a Scheme Shareholder who is not an Ineligible Foreign Shareholder
ESOP	the Auzex employee share ownership plan approved at the Auzex annual general meeting held in October 2010
ESOP Option	an Auzex Option issued pursuant to the ESOP
ESOP Option Exchange Arrangements	the meaning given to that term in section 11.11 of this Booklet
Excluded Shares	any Auzex Shares held by, or by any person on behalf of or for the benefit of, an Excluded Shareholder
Excluded Shareholder	BBG, GGG and any of their Related Bodies Corporate
GGG	GGG Resources plc, a public company incorporated in England and Wales with registered number 05277251
GGG Scheme	the UK scheme of arrangement pursuant to which GGG will become a wholly owned subsidiary of BBG
IFRS	International Financial Reporting Standards
Implementation Date	the date that is the second Business Day after the Record Date, or such other date as Auzex and BBG may agree in writing
Independent Expert	BDO Corporate Finance (QLD) Limited ABN 54 010 185 725, Australian Financial Services Licence No 245513
Independent Expert's Report	the report of the Independent Expert, a copy of which is Appendix 1 of this Booklet
Ineligible Foreign Shareholder	any Scheme Shareholder whose address as shown in the Auzex Share Register at 5.00 pm on the Record Date is a place outside Australia and its external territories, New Zealand, the United States and the United Kingdom unless BBG and GGG are satisfied, acting reasonably, that the laws of a particular foreign holder's country of residence (as shown in the Auzex Share Register) permit the issue and allotment of BBG Shares to that Scheme Shareholder either unconditionally or after compliance with conditions which BBG regards in its sole discretion as reasonable
JORC Code	the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists and Minerals Council of Australia, 2004 edition
London Stock Exchange	London Stock Exchange plc
Material Adverse Change	<p>(a) In relation to Auzex, BBG or GGG and their respective Related Entities each matter, event or circumstance which, either individually or when aggregated with other matters, events or circumstances of a like kind, has had or is reasonably likely to have an adverse financial effect of \$500,000 or more on the aggregate value of its net assets, but does not in any case include:</p> <ul style="list-style-type: none">(i) any matter, event or circumstance arising from changes in general economic or business conditions in Australia or the United Kingdom;(ii) any change in taxation, interest rates or general economic conditions which impact on each party in a similar manner;(iii) any change in accounting policy required by law; or(iv) any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Merger Implementation Agreement (including the transactions contemplated by it) or the Merger. <p>(b) A matter, event or circumstance which has a material adverse effect on the Merger as envisaged by the Merger Implementation Agreement.</p>

Definitions and Interpretations.

Merged Group	BBG and its controlled entities after the Merger
Merger	the proposed merger between Auzex and BBG to be implemented through the Scheme
Merger Implementation Agreement or MIA	the merger implementation agreement dated 17 September 2011 (as amended by a deed of variation dated 9 February 2012) between Auzex and GGG relating to the Merger
New BBG Shares	such BBG Shares as are issued by BBG (credited as fully paid) pursuant to the GGG Scheme and which will rank pari passu in all respects with existing BBG Shares
Net Cash Assets	cash on hand, less liabilities (including contingent liabilities). The Shares in AEL held by GGG are treated as cash on hand with a value of \$800,000, being the Demerger value of those shares
Prescribed Occurrence	<p>Other than as required or contemplated by the Scheme, the GGG Scheme or the Merger, the occurrence of any of the following in relation to AZX, GGG or BBG (each a Body):</p> <ul style="list-style-type: none">(a) the Body converting all or any of its shares into a larger or smaller number of shares or changing the terms of options or warrants;(b) the Body or a subsidiary of the Body resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;(c) the Body or a subsidiary of the Body:<ul style="list-style-type: none">(i) entering into a buy-back agreement; or(ii) resolving to approve the terms of a buy-back agreement;(d) the Body declaring, paying or distributing any dividend, bonus or other share of its profits or assets which has not been declared on or before the date of the Merger Implementation Agreement;(e) the Body or a subsidiary of the Body issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than an issues of shares as consideration for the acquisition of assets in the ordinary course of business or issues of shares pursuant to the exercise of options issued prior to the date of the Merger Implementation Agreement by the Body;(f) the Body or a subsidiary of the Body issuing or agreeing to issue, securities convertible into shares or debt securities;(g) the Body or a subsidiary of the Body making any change to its constitution;(h) the Body or a subsidiary of the Body disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;(i) the Body or a subsidiary of the Body creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than in the ordinary course of business;(j) the Body or a subsidiary of the Body resolving that it be wound up;(k) a liquidator or provisional liquidator of the Body or of a subsidiary of the Body being appointed;(l) the Court making an order for the winding up of the Body or of a subsidiary of the Body;(m) an administrator of the Body or of a subsidiary of the Body being appointed under the Corporations Act;(n) the Body or a subsidiary of the Body being deregistered as a company or otherwise dissolved;

Definitions and Interpretations.

	(o) the Body or a subsidiary of the Body executing a deed of company arrangement; or
	(p) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of the Body or of a subsidiary of the Body.
Proxy Form	the proxy form for the Scheme Meeting which is enclosed with this Booklet
Record Date	6.00 pm on 5 April 2012, or any other date agreed by Auzex and BBG in writing to be the record date to determine entitlements to receive the Scheme Consideration under the Scheme
Regulatory Approvals	ASX and AIM and any other Relevant Authority consents, approvals, clearances, decisions or determinations or other acts necessary or desirable to implement the Merger
Related Entity	the meaning given to that term in section 9 of the Corporations Act
Related Party	the meaning given to that term in section 9 of the Corporations Act
Relevant Authority	any person or authority in any jurisdiction which is responsible for applying foreign investment, exchange control, environment, health and safety, industry or merger control or competition or antitrust legislation or regulation
Relevant Interest	the meaning given to that term in sections 608 and 609 of the Corporations Act
Requisite Majority	in respect of the Scheme, approval by: (a) a majority in number (more than 50%) of Scheme Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Scheme Shareholders, by corporate representative); and (b) at least 75% of the total number of votes cast by Scheme Shareholders at the Scheme Meeting
Resource	the meaning in the JORC Code
Sale Agent	BBY Limited, or its nominee, being the person that Auzex intends to appoint prior to the Implementation Date to sell the New BBG Shares referable to Ineligible Foreign Shareholders
Sale Facility	the facility in accordance with an agreement between Auzex and the Sale Agent, under which the BBG shares of Ineligible Foreign Shareholders will be sold, as described in section 4.12 of this Booklet
Scheme	the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Auzex and the Scheme Shareholders contained in Appendix 2 of this Booklet, subject to any alteration or condition made or required by the Court pursuant to section 411(6) of the Corporations Act
Scheme Conditions	means the conditions to the Scheme as set out in section 4.9 of this Booklet
Scheme Consideration	means the consideration to be provided to Scheme Shareholders under the terms of the Scheme for the transfer to BBG of their Auzex Shares, ascertained in accordance with clause 6.1 of the Scheme
Scheme Meeting	the meeting of Auzex Shareholders ordered by the Court to be held to consider the resolution set out in the notice of meeting contained in pages 4 and 5 of this Booklet to be held at 10.00 am on 8 March 2012 at The Medina, 15 Ivory Lane, Brisbane
Scheme Share	an Auzex Share other than an Excluded Share
Scheme Shareholder	a person who is an Auzex Shareholder other than an Excluded Shareholder as at the Record Date

Second Court Date	the date of the Second Court Hearing
Second Court Hearing	the hearing of the application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme
Share Scheme Ratio	the meaning given to that expression in section 10.2 of this Booklet
Sunset Date	30 April 2012 or such later date as may be agreed by Auzex and BBG in writing
Superior Proposal	<p>a bona fide Competing Proposal which the relevant board of directors of Auzex, BBG or GGG as the case may be, acting reasonably and in good faith, taking into account its fiduciary and statutory obligations, and after consultation with its financial and legal advisors determines is:</p> <p>(a) made by a person who is of reputable commercial standing with the financial capacity to complete the transaction or transactions contemplated in the Competing Proposal;</p> <p>(b) reasonably capable of being completed within 6 months after the date of receipt of the Competing Proposal, taking into account all aspects of the proposal and the person making the proposal; and</p> <p>(c) more favourable to the relevant shareholders than the Merger, taking into account all the terms and conditions of the Merger.</p>
US Securities Act	The United States Securities Act of 1933, as amended
VWAP	Volume weighted average price

14.2 General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to Brisbane time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Booklet;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (g) \$, dollar or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Booklet has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually; and
- (n) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Directors

Mr Chris Baker, Chairman

Mr John Lawton, Managing Director

Dr Greg Partington,

Mr Paul Frederiks

Mr Eugene Ilescu

Company Secretary

Mr Paul Frederiks

Share Registry

Computershare Investor
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117 Victoria Street
West End QLD 4101

Corporate Advisor

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Legal Advisor

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Technical Expert

CSA Global Pty Limited
Level 2
3 Ord Street
West Perth WA 6005

Appendix 1



AUZEX RESOURCES LIMITED
Independent Expert's Report

February 2012



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Financial Services Guide

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance (QLD) Ltd ('BDO CFQ' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDO CFQ holds an Australian Financial Services Licence to provide the following services:

- a) financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, derivatives, managed investments schemes, superannuation, and government debentures, stocks and bonds; and
- b) arranging to deal in financial products mentioned in a) above, with the exception of derivatives.

General Financial Product Advice

The following report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDO Corporate Finance (QLD) Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDO CFQ has been engaged to provide an independent expert's report to the shareholders of Auzex Resources Limited ('Auzex') in relation to the proposed merger between Auzex and GGG Resources Plc ('GGG') ('the Proposed Merger'). The Proposed Merger will be implemented by way of a Scheme of Arrangement in the United Kingdom and an Australian Scheme of Arrangement and is intended to be a merger of equals although the shareholders of Auzex, other than GGG, will hold less than 50% of BBG as a result of GGG's shareholding in Auzex.

Further details of the Proposed Merger to which the Report relates are set out in Section 3.0. The scope of this Report is set out in detail in Section 4.0 of this Report. This Report provides an opinion as to whether or not the Proposed Merger is in the best interests of the shareholders of Auzex.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to vote for or against the Proposed Merger is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.



Fees, commissions and other benefits we may receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately \$110,000. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Proposed Merger.

Except for the fees referred to above, neither BDO CFQ, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDO CFQ may receive a share in the profits of BDO Group Holdings (QLD) Pty Ltd, a parent entity of BDO CFQ. All directors and employees of BDO Group Holdings (QLD) Pty Ltd and its subsidiaries (including BDO CFQ) are entitled to receive a salary. Where a director of BDO CFQ is a shareholder of BDO Group Holdings (QLD) Pty Ltd, the person is entitled to share in the profits of BDO Group Holdings (QLD) Pty Ltd.

Associations and relationships

From time to time BDO CFQ or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. BDO CFQ has previously provided services to Auzex in the form of an independent expert's report in relation to the proposed demerger of Auzex's non-Bullabulling assets.

A BDO member firm in Western Australia ('BDO (WA)') has provided services to GGG and proposes to provide further services to GGG and BBG. Those services can be summarised as follows:

- An independent accountant's report in relation to the dual listing of GGG on the Australian Stock Exchange and the AIM market of the London Stock Exchange;
- Tax structuring advice to GGG in relation to the Proposed Merger, specifically advice relating to the re-domiciliation of GGG and the moving of GGG into the proposed combined structure; and
- Reporting accountant role in relation to the AIM market of the London Stock Exchange admission of the merged entity if the proposed merger proceeds.

It is our view and the view of BDO (WA) that the services to be provided by BDO (WA) do not compromise the independence of BDO CFQ in relation to this engagement, for the following reasons:

- BDO (WA) are providing services to GGG and BBG as an independent adviser and, other than fees received for services rendered to GGG and BBG, have no interest in the outcome of any of the transactions being completed by Auzex and/or GGG/BBG;
- BDO CFQ are providing services to Auzex as an independent adviser and, other than fees received for services rendered to Auzex in relation to this Report, have no interest in the outcome of any of the transactions being completed by Auzex and/or GGG/BBG;
- BDO CFQ has not been engaged by GGG or BBG on any matters and, other than in its capacity as an independent expert, has had no prior relationship with Auzex, the commissioning party;



- BDO CFQ and BDO (WA) have not participated in any strategic planning work for Auzex and GGG/BBG respectively;
- BDO CFQ and BDO (WA) are separate BDO member firms, are located in different jurisdictions, have mutually exclusive ownership structures and both have comprehensive internal controls and confidentiality protocols; and
- BDO (WA) and their staff members have not been engaged to work on this engagement.

The signatory to the Report does not hold any shares in Auzex, GGG or BBG and no such shares have ever been held by the signatory.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe or which is publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints

We are members of the Financial Ombudsman Service. Any complaint about our service should be in writing and sent to BDO Corporate Finance (QLD) Ltd, GPO Box 457, Brisbane QLD 4001.

We will endeavour to resolve the complaint quickly and fairly. If the complaint cannot be satisfactorily resolved within 45 days of written notification, there is a right to lodge a complaint with the Financial Ombudsman Service. They can be contacted on 1300 780 808. This service is provided free of charge.

If the complaint involves ethical conduct, a complaint may be lodged in writing with the Institute of Chartered Accountants, Queensland Branch, GPO Box 2054, Brisbane QLD 4001. The Australian Securities and Investment Commission (ASIC) also has an Infoline on 1300 300 630 which can be used to make a complaint and obtain information about investor rights.

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Glossary

Reference	Definition
ABV	Asset based valuation
Act, the	The Corporations Act 2001
Adjusted Enterprise Value	Market capitalisation adjusted for cash, cross-shareholdings and other major assets (excluding the Bullabulling Gold Project)
AEL	Auzex Exploration Ltd
AIM	Alternative Investments Market
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Auzex	Auzex Resources Ltd
Auzex NZ	Auzex Resources (NZ) Ltd
Auzex Scheme, the	The Australian Scheme of Arrangement in relation to the acquisition of Auzex shares by BBG
BBG ^(a)	Bullabulling Gold Ltd ^(a)
BDO (WA)	A BDO member firm located in Western Australia
BDO CFQ	BDO Corporate Finance (QLD) Ltd
Bullabulling Gold Project, the	The Bullabulling Gold Project owned and operated pursuant to a 50:50 joint venture agreement between Auzex and GGG which is proposed to be consolidated into a single entity as a result of the Proposed Merger
CME	Capitalisation of future maintainable earnings
CSA Global Pty Ltd	CSA Global Pty Ltd, the technical valuer of the Bullabulling Gold Project
DCF	Discounted future cash flows
EV/resources multiple	The ratio of enterprise value to resources
FSG	Financial services guide
GGG ^(a)	GGG Resources Plc ^(a)
GGG Scheme, the	The Scheme of Arrangement in the United Kingdom in relation to the acquisition of GGG shares, options and warrants by BBG
Km	Kilometres
LSE	London Stock Exchange
MBV	Market based valuation
Merged Entity, the	Bullabulling Gold Ltd
MIA, the	Merger Implementation Agreement between GGG and Auzex dated 17 September 2011 and associated Deed of Variation dated 9 February 2012
Proposed Merger, the	The proposed merger of equals between Auzex and GGG to create BBG
Proposed Merger Record Date, the	The date on which Auzex shareholders entitlement to shares in BBG will be determined. This date is anticipated to be on or around 5 April 2012.
Regulations, the	The Corporations Regulations 2001
Report, this	This independent expert's report prepared by BDO CFQ and dated 17 February 2012
RG 111	Regulatory Guide 111: Content of Expert Reports
RGs, the	The regulatory guides published by ASIC
Scheme Booklet, the	The merger scheme booklet prepared by Auzex to be dated on or about 17 February 2012.



Reference	Definition
UK	United Kingdom
VWAP	Volume-weighted average share price
We, us or our	BDO Corporate Finance (QLD) Ltd

- (a) For ease of reference and to assist to differentiate between BBG prior to the all-scrip merger with Auzex (i.e. BBG with a 50% interest in the Bullabulling Gold Project) and BBG post the all-scrip merger with Auzex (i.e. BBG with a 100% interest in the Bullabulling Gold Project), we refer to the company acquiring Auzex as GGG and we refer to the combined entity post the all-scrip merger as BBG.



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C/- The Directors
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17 February 2012

Dear Shareholders

Independent Expert's Report

1.0 Introduction

BDO Corporate Finance (QLD) Ltd ('BDO CFQ') has been engaged to provide an Independent Expert's Report ('this Report') to the shareholders of Auzex Resources Ltd ('Auzex') in relation to an all-scrip merger. The all-scrip merger will result in the Bullabulling Gold Project, which is currently owned 50:50 by Auzex and GGG Resources plc ('GGG'), being 100% owned by a single corporate entity, Bullabulling Gold Limited ('BBG'), an Australian registered company.

Broadly, the all-scrip merger will be completed in two stages as follows:

- **Stage 1:** GGG will complete a Scheme of Arrangement in the United Kingdom ('the GGG Scheme') 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. It is expected by GGG that BBG shares will commence trading on the AIM on or about 2 March 2012 and on the ASX on or about 10 March 2012.

For ease of reference and to assist to differentiate between BBG prior to the all-scrip merger with Auzex (i.e. BBG with a 50% interest in the Bullabulling Gold Project) and BBG post the all-scrip merger with Auzex (i.e. BBG with a 100% interest in the Bullabulling Gold Project), we refer in this Report to the company acquiring Auzex as GGG and we refer to the combined entity post the all-scrip merger as BBG.

- **Stage 2:** Auzex shareholders will be issued with new BBG shares in exchange for their Auzex shares held. Stage 2 is pursuant to a Scheme of Arrangement in relation to Auzex shares ('the Auzex Scheme'). We understand that Auzex option holders, being the five Auzex directors and two Auzex staff members, have separately agreed to exchange their existing Auzex options for equivalent options in BBG on commercially equivalent terms.

Stage 2 of the all-scrip merger between GGG and Auzex is referred to as 'the Proposed Merger' in this Report. The record date for determining Auzex shareholders' entitlement to participate in the Proposed Merger is expected to be on or about 5 April 2012 ('the Proposed Merger Record Date').



The Proposed Merger is intended to be a 'merger of equals'. The principle of a 'merger of equals' means that Auzex and GGG will contribute equally to the merged group, and Auzex and GGG shareholders will retain an economic interest in the Bullabulling Gold Project after the Proposed Merger that is consistent with their economic interest prior to the Proposed Merger. Auzex shareholders, other than GGG, will however collectively hold less than 50% of BBG as a result of GGG's shareholding in Auzex (which includes shares that GGG is likely to acquire as part of the pre-merger cash balancing adjustment).

A more detailed summary of the Proposed Merger is set out in Section 3.0 of this Report.

In this Report, BDO CFQ has expressed an opinion as to whether the Proposed Merger is in the best interests of Auzex shareholders.

This Report has been prepared solely for the use by the shareholders of Auzex immediately prior to the Proposed Merger to provide them with information relating to the Proposed Merger.

We understand that this Report will be provided to Auzex shareholders to assist them to make an informed decision on whether to vote for or against the Proposed Merger. Apart from the purpose stated directly above, this Report cannot be used or relied on for any other purpose or by any other person or entity.

This Report should be read in full, including the assumptions underpinning our work, together with the other information provided to Auzex shareholders in conjunction with this Report, including the Scheme Booklet prepared by Auzex in relation to the Proposed Merger to be dated on or about 17 February 2012 ('the Scheme Booklet').

This Report does not address circumstances specific to individual Auzex shareholders. An Auzex shareholder's decision to vote for or against the Proposed Merger is likely to be influenced by their own particular circumstances including, for example, their taxation considerations and risk profile. Auzex shareholders should obtain their own professional advice in relation to their own circumstances.

2.0 Summary of Opinion

This section of this Report is a summary of our opinion only and cannot substitute for a complete reading of this Report.

2.1 Assessment of the Proposed Merger

To assess whether the Proposed Merger is in the ‘best interests’ of Auzex shareholders it is relevant to consider whether the advantages of the Proposed Merger outweigh the disadvantages, along with other factors relevant to the Proposed Merger.

To assess whether or not the advantages of the Proposed Merger outweigh the disadvantages, we have considered a number of quantitative and qualitative factors. Based on these factors, we have formed a view as to whether the advantages of the Proposed Merger outweigh the disadvantages and whether the Proposed Merger is in the ‘best interests’ of Auzex shareholders.

Our analysis, which is set out in detail in Section 8.0 of this Report, is summarised below.

2.1.1 Advantages of the Proposed Merger

It is our view that the advantages of the Proposed Merger, summarised below and described in more detail in Section 8.1, include the following:

- The Bullabulling Gold Project will be 100% controlled in a single entity, BBG. It is our view that the operational and administrative efficiencies that are expected to arise from the Bullabulling Gold Project being 100% held by a single entity have the potential to unlock additional shareholder value for the shareholders of BBG. In our view, BBG is also more likely to attract investors seeking strategic stakes in the Bullabulling Gold Project, or even a takeover of BBG if BBG owns a 100% interest in the Bullabulling Gold Project, relative to a non-controlling interest hindered by joint venture deadlocks;
- As a stand-alone entity listed on the ASX and AIM, BBG will have an increased market capitalisation and is likely to have more liquidity and a greater access to capital markets relative to that of Auzex prior to the Proposed Merger;
- Auzex will not be required to raise further capital in the immediate future if the Proposed Merger is approved. The directors of Auzex have instructed us that Auzex will be required to raise additional capital to fund its share of the development of the Bullabulling Gold Project in April 2012 if the Proposed Merger is not approved. There is no guarantee that Auzex will be able to raise the full amount of any additional capital required on terms acceptable to Auzex, especially in the event an underwriter is unwilling to participate;
- BBG will have a stronger balance sheet and greater financial capacity relative to Auzex as a stand-alone entity;
- Following on from the above mentioned advantages, it is our view that there is scope for a positive re-rating of the value of the Bullabulling Gold Project 100% owned by a stand-alone entity;
- The board of directors of BBG will comprise of two directors nominated by Auzex, two directors nominated by GGG and three newly appointed directors. The current decision making deadlock will be released; and

- There is likely to be cost synergies from combining the two entities.

2.1.2 Disadvantages of the Proposed Merger

It is our view that the disadvantages, summarised below and described in more detail in Section 8.2, include the following:

- The pre-merger cash balancing adjustment which is part of the Proposed Merger and which enables GGG to subscribe for additional shares in Auzex at a 10% discount to the 5-day volume-weighted average share price ('VWAP') is dilutive to Auzex shareholders. For completeness we note that it is our view that the 10% discount to VWAP is not unreasonable in the circumstances (refer to Section 8.2.1 for additional discussion);
- The price that GGG will subscribe for additional shares in Auzex is not known at the date of this Report and there is a risk that material price movements will occur in the value of Auzex's share price over the 5-day VWAP measurement period for the pre-merger cash balancing adjustment. Depending on the direction of any material price movements, the affect on Auzex shareholders may be positive or negative.

While the 5-day VWAP for the pre-merger cash balancing adjustment is not known as at the date of this Report, it will be determined on the date that is eight days before the scheme meeting and is anticipated to be announced by Auzex to the ASX seven days before the scheme meeting as well as in a notice posted to Auzex shareholders. In the announcement that Auzex anticipates making to the ASX seven days before the scheme meeting it will also advise Auzex shareholders of the share scheme ratio which, when multiplied by an Auzex shareholders' total shareholding, will enable the Auzex shareholder to determine the number of BBG shares they will receive if the Proposed Merger is approved. The scheme meeting is anticipated to be held on or about 22 March 2012;

- There are a greater number of options on issue in GGG relative to Auzex and Auzex shareholders' interest in the Bullabulling Gold Project will be diluted when/if the GGG options are exercised;
- The Proposed Merger will result in several one-off transaction and implementation costs; and
- The board of directors of BBG will comprise of two directors nominated by Auzex, two directors nominated by GGG and three newly appointed directors. The expertise, skill set and operational objectives of BBG's board will differ from Auzex's board, which may be viewed as a disadvantage by some Auzex shareholders.

2.1.3 Conclusion

After considering the advantages and disadvantages of the Proposed Merger summarised above and set out in more detail in the balance of this Report, it is our view that:

- on balance, the advantages of the Proposed Merger outweigh the disadvantages of the Proposed Merger; and
- the Proposed Merger is in the **best interests** of Auzex shareholders.

In forming our opinion, we specifically note that:

- The Proposed Merger is intended to be a merger of equals;

- Auzex shareholders' (excluding GGG's existing shareholding) percentage ownership interest in the Bullabulling Gold Project on the Proposed Merger Record Date (i.e. post the pre-merger cash balancing adjustment) will be retained, on an undiluted basis, following the Proposed Merger (refer Tables B.7 and B.8 of Appendix B);
- Having regard to the analysis set out in this Report (e.g. Section 8.3 and Appendix B), the way in which the transaction mechanisms operate to facilitate the Proposed Merger, and that Auzex shareholders will retain their percentage ownership in the Bullabulling Gold Project on the Proposed Merger Record Date (on an undiluted basis), it is our view that it is appropriate for Auzex shareholders to consider that the valuation analysis is of less relevance in the circumstances;
- While difficult to quantify definitively, it is our view that (all other assumptions equal) the advantages set out in Section 8.1 increase the probability of a 100% interest in the Bullabulling Gold Project trading over time at a premium, relative to the sum of the market value of the 50% interests held by Auzex and GGG prior to the Proposed Merger, sufficient to offset the negative valuation implications of the pre-merger cash balancing adjustment, GGG having more options on issue than Auzex, and one-off transaction and implementation costs (refer to Section 8.3 and Appendix B for further discussion on the valuation implications);
- Notwithstanding the dilution that is to occur as a result of the pre-merger cash balancing adjustment at a 10% discount to VWAP, it is our view (for reasons set out in Section 8.2.1) that this 10% discount is not unreasonable in the circumstances. We note in particular that the directors of Auzex have instructed us that Auzex would be required to raise additional capital to fund its share of the development of the Bullabulling Gold Project in April 2012 if the Proposed Merger is not approved. In line with previous recent capital raisings, any further capital raising that Auzex is required to complete may be at a similar or greater discount to the 10% set out under the pre-merger cash balancing adjustment;
- The price that GGG will subscribe for additional shares in Auzex as part of the pre-merger cash balancing adjustment is not known at the date of this Report. There is also a risk that material price movements will occur in the value of Auzex's share price over the 5-day VWAP measurement period for the pre-merger cash balancing adjustment. Depending on the direction of any material price movements, the affect on Auzex shareholders may be positive or negative.

While these two disadvantages have risks associated with them, we note that an alternative to the pre-merger cash balancing adjustment that was available to Auzex required Auzex to complete a separate capital raising to bridge the expected difference in net cash assets between Auzex and GGG. As Auzex would need to raise an amount of approximately \$10.0 million net of costs to bridge the difference in net cash assets, the amount to be raised would be approximately double the cash balancing adjustment.

If an equivalent amount of money were to be raised in the equity markets we would expect brokerage fees to be payable (no brokerage fees are payable in relation to the pre-merger cash balancing adjustment). By way of example, BBY's fee for the rights issue and placement conducted in October/November 2011 was 6% of the value of the placement and rights issue, being 6% payable after considering the discounted prices at which the share issues were completed.

The Auzex directors elected not to complete this alternative and did not complete any additional capital raisings (other than the expected exercise of options).

While the 5-day VWAP for the pre-merger cash balancing adjustment is not known as at the date of this Report, it will be determined on the date that is eight days before the scheme meeting and is anticipated to be announced by Auzex to the ASX seven days before the scheme meeting as well as in a notice posted to Auzex shareholders. In the announcement that Auzex anticipates making to the ASX seven days before the scheme meeting it will also advise Auzex shareholders of the share scheme ratio which, when multiplied by an Auzex shareholder's total shareholding, will enable the Auzex shareholder to determine the number of BBG shares they will receive if the Proposed Merger is approved. The scheme meeting is anticipated to be held on or about 22 March 2012; and

- The advantages of having 100% control of the Bullabulling Gold Project in a single entity, as set out in Section 8.1, outweigh the disadvantages set out in Section 8.2.

While it is our view that the Proposed Merger is in the best interests of Auzex shareholders, we strongly recommend that Auzex shareholders have regard to the 'other considerations' set out in Section 2.2 below.

2.2 Other Considerations

Before forming a view on the Proposed Merger, we strongly recommend that Auzex shareholders:

- consult their own professional advisers;
- carefully read all relevant documentation provided to them including this Report and the Scheme Booklet; and
- consider their own specific circumstances.

3.0 Outline of the Proposed Merger

This Section of this Report is set out as follows:

- Section 3.1 provides a description of the Proposed Merger;
- Section 3.2 summarises the conditions of the Proposed Merger; and
- Section 3.3 summarises the strategic rationale of the Proposed Merger.

The information set out below is a summary only. Auzex shareholders should refer to the Scheme Booklet for more information in relation to the Proposed Merger.

3.1 Description of the Proposed Merger

3.1.1 Overview

On 29 August 2011, Auzex announced that it had signed a binding Heads of Agreement to combine the Bullabulling Gold Project under a single corporate entity, BBG, through an all-scrip merger of equals between Auzex and GGG. The Merger Implementation Agreement in relation to the all-scrip merger is dated 17 September 2011 while the Deed of Variation is dated 9 February 2012 (these two agreements together are referred to as the 'MIA').

Broadly, the all-scrip merger will be completed in two stages as follows:

- **Stage 1:** GGG will complete the GGG Scheme 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 ASX as its primary listing with a secondary listing on the AIM market in London. It is expected by GGG that BBG shares will commence trading on the AIM on or about 2 March 2012 and on the ASX on or about 10 March 2012.

For ease of reference and to assist to differentiate between BBG prior to the all-scrip merger with Auzex (i.e. BBG with a 50% interest in the Bullabulling Gold Project) and BBG post the all-scrip merger with Auzex (i.e. BBG with a 100% interest in the Bullabulling Gold Project), we refer in this Report to the company acquiring Auzex as GGG and we refer to the combined entity post the all-scrip merger as BBG.

- **Stage 2:** Auzex shareholders will be issued with new BBG shares in exchange for their Auzex shares. Stage 2 is pursuant to the Auzex Scheme. We understand that Auzex option holders, being the five Auzex directors and two Auzex staff members, have separately agreed to exchange their existing Auzex options for equivalent options in BBG on commercially equivalent terms.

The second stage of the all-scrip merger between GGG and Auzex is referred to as 'the Proposed Merger' in this Report. The Proposed Merger Record Date is expected to be on or about 5 April 2012.

The Proposed Merger is intended to be a ‘merger of equals’. The principle of a ‘merger of equals’ means that Auzex and GGG will contribute equally to the merged group, and Auzex and GGG shareholders will retain an economic interest in the Bullabulling Gold Project after the Proposed Merger, through their shareholding in BBG, that is consistent with their economic interest prior to the Proposed Merger through their respective shareholdings in Auzex and GGG. Auzex shareholders, other than GGG, will however collectively hold less than 50% of BBG as a result of GGG’s shareholding in Auzex which includes shares that GGG is likely to acquire as part of the pre-merger cash balancing adjustment.

We have discussed specific aspects of the Proposed Merger in more detail directly below including:

- Pre-merger cash balancing adjustment (refer Section 3.1.2);
- Cross-shareholding adjustment (refer Section 3.1.3);
- Adjustment to Auzex option terms (refer Section 3.1.4);
- Demerger of Auzex’s non-Bullabulling assets (refer Section 3.1.5);
- Ineligible foreign shareholders (‘Ineligible Foreign Shareholders’) (refer Section 3.1.6);
- Delisting of Auzex shares from the ASX (refer Section 3.1.7); and
- Indicative timetable for the Proposed Merger (refer Section 3.1.8).

3.1.2 Pre-Merger Cash Balancing Adjustment

The Proposed Merger is intended to be a merger of equals. However, as GGG is expected to have more cash (and cash equivalents) on hand on the Proposed Merger Record Date, it is intended that an adjustment be made to align the cash balances of both entities.

Under the terms of the Proposed Merger, after the effective date and before the Proposed Merger Record Date there will be cash balancing adjustment. The pre-merger cash balancing adjustment is designed to assist in ensuring that Auzex and GGG contribute materially the same amount of net cash assets (defined in the MIA as cash on hand less liabilities including contingent liabilities) to BBG under the Proposed Merger. The pre-merger cash balancing adjustment will only occur in circumstances where the Proposed Merger is approved by Auzex shareholders.

Pursuant to the cash balancing adjustment, eight days before the Auzex scheme meeting (the scheme meeting is expected to occur on 22 March 2012) both Auzex and GGG must calculate their anticipated net cash assets on 29 March 2012 and advise each other of their determination in writing. To the extent that there is a difference in the net cash assets between Auzex and GGG, the party with excess cash (expected to be GGG) will, subject to any shareholder authorities that may be required, subscribe for a placement of shares in the other party.

The cash issue price of the shares will be equal to the 5-day VWAP of Auzex shares ending on the date that is eight days before the Auzex scheme meeting, discounted by 10%. The period of time over which the VWAP is to be measured is anticipated to be 8 March 2012 to 14 March 2012 inclusive. While the 5-day VWAP for the pre-merger cash balancing adjustment is not known as at the date of this Report, it will be determined on the date that is eight days before the scheme meeting and is anticipated to be announced by Auzex to the ASX seven days before the scheme meeting as well as in a notice posted to Auzex shareholders.



This pre-merger cash balancing adjustment, including our estimate of the additional shares that may be issued to GGG under various scenarios, is discussed further in Section B.5.2 of Appendix B.

3.1.3 Cross-shareholding Adjustment

The Proposed Merger is intended to be a merger of equals although the shareholders of Auzex, other than GGG, will hold less than 50% of BBG as a result of GGG's shareholding in Auzex.

GGG currently holds 10,266,667 ordinary shares in Auzex. As GGG will not be issued additional BBG shares in return for its shareholding in Auzex, the number of shares that are to be received by Auzex shareholders is to be adjusted having regard to an agreed formula. This formula is discussed further in Section B.3.3 of Appendix B of this Report and will result in Auzex shareholders, other than GGG, holding less than 50% of BBG.

A comparison of the share of the Bullabulling Gold Project (the primary asset of Auzex and BBG) that is held by Auzex shareholders both pre and post the Proposed Merger is set out in Section B.3.4 of Appendix B.

3.1.4 Adjustment to Auzex Option Terms

We understand that Auzex option holders, who we are advised consist only of the five Auzex directors and two Auzex staff members, have separately agreed to exchange their existing Auzex options for equivalent options in BBG on commercially equivalent terms. The intent of the Proposed Merger is to ensure that Auzex option holders are provided with equivalent options in BBG in exchange for their options in Auzex. As part of this process, adjustments will be made to the number of options received by Auzex option holders in BBG and the exercise price of the options held.

The impact of the options on issue in Auzex, GGG and BBG on the analysis set out in this Report is discussed in further detail in Section B.6 of Appendix B.

3.1.5 Demerger of Auzex's Non-Bullabulling Assets

It is a condition of the Proposed Merger that Auzex demerges its non-Bullabulling assets into a separate entity. This condition has been met with Auzex demerging certain exploration assets, its shareholding in GGG and cash to Auzex Exploration Limited ('AEL') by way of scheme of arrangement, and distribution of the shares in AEL to Auzex shareholders on 6 January 2012. The last date that Auzex shares traded on the ASX with an entitlement to participate in the demerger was 21 December 2011. Those Auzex shareholders entitled to participate received shares in AEL on a one-for-six basis.

Shareholders of Auzex should refer to Auzex's announcements, including the Demerger Scheme Booklet released to the ASX on 18 November 2011, for further information in relation to the demerger of AEL.

3.1.6 Ineligible Foreign Shareholders

An Auzex shareholder will be an Ineligible Foreign Shareholder for the purposes of the Proposed Merger if their registered address on the Proposed Merger Record Date is a place outside Australia and its external territories, New Zealand and the United Kingdom ('UK'). This is unless BBG is satisfied, acting reasonably, that the laws of that Auzex shareholder's country of residence permit the issue and allotment of BBG shares to that Auzex shareholder, either unconditionally or after compliance with conditions which BBG in its sole discretion regards as acceptable.

Ineligible Foreign Shareholders will not be issued BBG shares under the Proposed Merger. Instead, the BBG shares that they would otherwise have been entitled to have issued to them under the Proposed Merger (had they not been ineligible) will be issued to the sale agent to sell on market following implementation of the Proposed Merger. We understand that all such BBG shares will be sold by the sale agent as soon as reasonably practicable and in any event not more than 15 business days after the implementation date.

There is no guarantee of the amount of cash that Ineligible Foreign Shareholders will receive from the sale of BBG shares. This will depend on the prices that can be achieved by the sale agent and applicable brokerage, stamp duty and other selling costs, taxes and charges.

Ineligible Foreign Shareholders should refer to section 4.12 of the Scheme Booklet for more information, including the process by which the sale agent will sell BBG shares and distribute the net cash proceeds.

3.1.7 Delisting of Auzex Shares from ASX

Assuming the Proposed Merger comes into effect following the second court hearing, Auzex will apply for its shares to be delisted from the ASX. The last day of trading of Auzex shares on the ASX is expected to be 29 March 2012.

3.1.8 Indicative Timetable for the Proposed Merger

Auzex shareholders should refer to the 'Important Dates' section at the front of the Scheme Booklet for the key dates relating to the Proposed Merger.

3.2 Conditions of the Proposed Merger

Completion of the Proposed Merger is subject to a number of conditions being satisfied, which may only be waived by agreement of both Auzex and GGG. The conditions of the GGG Scheme and the Auzex Scheme include the following:

- Approval of the Auzex Scheme by a majority of Auzex shareholders. In accordance with section 411(4)(a)(ii) of the Corporations Act 2001 ('the Act'), a majority has the meaning of not less than 75% of the votes cast at the scheme meeting and not less than 50% of the shareholders that vote;
- Approval for the admission to trading and quotation of BBG shares, or depository interests representing BBG shares, on the ASX and AIM respectively;
- Approval for the quotation of BBG shares, or depository interests representing BBG shares, to be issued under the Auzex Scheme on terms and conditions acceptable to Auzex, on the ASX and AIM respectively, acting reasonably;
- Approval of the GGG Scheme by a majority of GGG shareholders (this condition was met on 9 January 2012);
- The GGG Scheme becomes effective;
- The Auzex Scheme becomes effective by 30 April 2012 or such later date as may be agreed by Auzex and GGG in writing;
- No prescribed occurrences (as defined in the MIA) which affect Auzex, GGG or BBG, except as reasonably envisaged;

- No material adverse changes (as defined in the MIA) which affect either Auzex, GGG or BBG;
- Approval of the Auzex Scheme by the Queensland Supreme Court under section 411(4)(b) of the Act; and
- Receipt of all relevant regulatory approvals for the Auzex Scheme.

The conditions of the Proposed Merger also include a no shop provision, matching and notification rights in the event of a competing proposal, and a break fee payable by Auzex or GGG to the other party of \$0.75 million in specific circumstances, which are set out in the MIA.

3.3 Strategic Rationale

The directors of Auzex and GGG are of the view that the creation of a single gold focussed entity in Western Australia enables a number of significant strategic advantages in relation to the development and exploitation of the Bullabulling Gold Project, including:

- A single board which combines the skills and expertise of the management of Auzex and GGG, with a primary focus on developing the Bullabulling Gold Project;
- The combination of Auzex's and GGG's cash balances presents the potential for an accelerated exploration and development program; and
- A company which is listed on both the ASX and the AIM will have more diverse shareholder base and possibly greater access to global capital markets.

The directors are of the view that the Merged Entity has the potential to become a successful mid-tier Australasian gold producer. The Auzex directors believe that the key to unlocking the full potential of the Bullabulling Gold Project is by combining the right mix of both exploration and operational skills which Auzex and GGG currently have at both board and management level.

The strategic objective is to take the Bullabulling Gold Project through to completion of a bankable feasibility study and development and production within an estimated three year timeframe. The Directors are of the view BBG will continue to implement an exploration, feasibility and development program in line with their strategic objectives and remain confident of achieving production within this timeframe.

4.0 Scope of Report & Methodology for Assessment

4.1 Scope of Report

An independent expert, in certain circumstances, must be appointed to meet requirements set out in the Corporations Act 2001, the Corporation Regulations 2001 ('the Regulations'), the regulatory guides ('RGs') published by the Australian Securities and Investments Commission ('ASIC') and the listing requirements of the stock exchanges on which a company is listed. We have summarised the requirements of the Act and the Regulations, and the ASX listing requirements in Sections 4.1.1 and 4.1.2 below respectively. We have summarised the guidance provided by the RGs in Section 4.2 below.

Auzex has engaged BDO CFQ to provide an opinion on whether the Proposed Merger is in the best interests of Auzex shareholders. This Report cannot be used by any other person for any other reason or for any other purpose. We understand that this Report will be distributed to Auzex shareholders together with the Scheme Booklet.

This Report is general financial product advice only and has been prepared without taking into account the objectives, risk profile, financial situation or needs of individual Auzex shareholders. Before deciding whether to vote for or against the Proposed Merger, individual Auzex shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs, including their own taxation consequences. Auzex shareholders should read in full the Scheme Booklet in relation to the Proposed Merger.

Whether to vote for or against the Proposed Merger is a matter for individual Auzex shareholders based on their expectations as to value and future market conditions and their own particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Auzex shareholders who are in doubt as to the action they should take in relation to the Proposed Merger should consult their own professional adviser.

4.1.1 Requirements of the Act and the Regulations

In order for the Proposed Merger to be implemented, Auzex shareholders must approve the Auzex Scheme. Section 411 of the Act relates to Australian schemes of arrangement. Under section 411 of the Act, in order for an Australian scheme of arrangement to be approved, no less than 75% of the votes cast at the scheme meeting must vote in favour of the scheme and no less than 50% by number of the shareholders present at the meeting must vote in favour of the scheme.

Part 3 of Schedule 8 of the Regulations details the prescribed information relating to schemes of arrangements. Specifically, clause 8303 of Schedule 8 states that an independent expert's report stating whether, in the opinion of the expert, the proposed scheme is in the best interests of the company's shareholders must accompany a scheme document if:

- (a) A party to the proposed scheme has a prescribed shareholding in the company subject to the scheme;
or
- (b) The directors of the company are also directors of the company subject to the scheme.

As at the date of this Report, we understand that the above conditions do not apply and neither the Act nor the Regulations specifically require that an independent expert's report be provided to Auzex shareholders in relation to the Proposed Merger. While this Report is not required to be provided for the purpose of complying with any specific provisions of the Act or the Regulations, we have been requested by the directors of Auzex to prepare this Report to accompany the Scheme Booklet.

4.1.2 ASX Listing Requirements

We have been instructed that Auzex will not be using this Report or our assessment of the Proposed Merger for the purpose of complying with the listing requirements of the ASX or any other stock exchange.

4.2 Assessment Methodology

ASIC have issued Regulatory Guide 111: *Content of Expert Report* ('RG 111'), which provides guidance in relation to independent expert's reports. RG 111 relates to the provision of independent expert's reports in a range of circumstances, including those where the expert is required to provide an opinion in relation to a merger. RG 111 states that the independent expert's report should explain the particulars of how the merger was examined and evaluated as well as the results of the examination and evaluation.

RG 111 specifically differentiates between control and non-control transactions in providing guidance on the type of analysis to complete. Where a control transaction is to occur by way of a scheme of arrangement, RG 111 states that the independent expert should have regard to whether the transaction is 'fair' and 'reasonable' to shareholders.

Under RG 111, an offer will be considered 'fair' if the value of the consideration to be received by the shareholders is equal to or greater than the value of the shares that are the subject of the offer. To assess whether an offer is 'reasonable', an expert should examine other significant factors to which shareholders may give consideration prior to accepting or approving the offer. This includes comparing the likely advantages and disadvantages of accepting the offer with the position of the shareholders if they do not accept the offer.

However, it is our view that a 'fair' and 'reasonable' assessment is less relevant for the purposes of assessing the Proposed Merger as it is our view that the Proposed Merger is a merger of equals. In particular, we formed this view having regard to the following:

- The pre-merger cash balancing adjustment will align the net cash assets of Auzex and GGG. Post completion of the pre-merger cash balancing adjustment, Auzex and GGG shareholders will retain an interest in the Bullabulling Gold Project that is consistent with their interest on the Proposed Merger Record Date (prior to any dilution arising from GGG having more options on issue than Auzex). In the case of Auzex shareholders other than GGG, this interest will be less than 50% of the Bullabulling Gold Project as a result of GGG's shareholding in Auzex;
- Auzex and GGG will each contribute their 50% interests in the Bullabulling Gold Project and similar net cash assets;
- Auzex and GGG will each contribute two members to BBG's board of directors, with a further three directors to be nominated, including the chairman and managing director; and
- There is minimal change in the underlying economic interests of shareholders.

Given our view that the Proposed Merger represents a merger of equals, it is our view that the issue of 'value', as it might be considered in a control transaction, is less relevant and that it is more appropriate for this Report to assess whether the advantages of the Proposed Merger outweigh the disadvantages and to conclude on whether the Proposed Merger, as a whole and on balance, is in the best interests of Auzex shareholders.

There is no explicit legal definition of what constitutes a disadvantage or advantage, nor is there a definitive legal or regulatory definition for the methodology to be adopted to weight each advantage and disadvantage relative to each other. The requirements involve judgement on the part of the expert as to the overall commercial effect of the proposal. The expert must weigh up the advantages and disadvantages of the proposal and form an overall view as to whether the advantages of the proposal outweigh the disadvantages.

In forming our opinion as to whether the Proposed Merger is in the best interests of the shareholders of Auzex, we have considered the following:

- The advantages of the Proposed Merger;
- The disadvantages of the Proposed Merger; and
- Other factors that may be relevant to Auzex shareholders when forming a view on whether to vote for or against the Proposed Merger.

To the extent that we are able to, we have also attempted to quantify valuation implications for Auzex shareholders as a result of the Proposed Merger.

Our assessment of the Proposed Merger is set out in detail in Section 8.0 of this Report. Section 8.0 concludes by providing our opinion as to whether or not the Proposed Merger is in the best interests of the shareholders of Auzex.

We have not provided any advice, taxation, legal or otherwise in relation to the Proposed Merger. Other advisors have provided advice to Auzex in relation to the Proposed Merger on these matters.

In the process of making an assessment of the Proposed Merger, we have made certain assumptions. Where these assumptions are material to our work, we have set them out in this Report.



5.0 Background of Auzex

5.1 Overview of Auzex

Auzex is a minerals exploration company which is incorporated in Australia and listed on the ASX. Following the completed demerger of Auzex's non-Bullabulling assets by the spin-off of AEL (refer Section 5.1.1 below), Auzex's primary asset is its 50% interest in the Bullabulling Joint Venture with GGG.

Subject to Auzex shareholders' approval and the approval of the court, Auzex will merge with GGG, which holds the remaining 50% of the Bullabulling Gold Project, by means of both Auzex and GGG becoming wholly owned subsidiaries of BBG.

In the event the Proposed Merger does not proceed as proposed, we are instructed that the directors of Auzex will ensure the development of the Bullabulling Gold Project meets the current timetable to deliver a bankable feasibility study by the end of 2012.

Auzex's growth strategy will remain primarily organic with additional resources and funding being required to develop the Bullabulling Gold Project. However, we understand that corporate and asset acquisitions will be considered by the directors of Auzex if they result in a material increase in shareholder value.

A summary of the Bullabulling Gold Project is provided in Section 5.1.2 below.

5.1.1 AEL Demerger

On 16 December 2011 Auzex shareholders approved a demerger whereby Auzex's non-Bullabulling exploration assets, 7,022,472 GGG shares and approximately \$2.09 million cash were spun-off into AEL. The last date that Auzex shares traded with an entitlement to participate in the demerger of AEL was 21 December 2011. Shares in AEL were distributed to Auzex shareholders on 6 January 2012.

Auzex shareholders should refer to the Demerger Scheme Booklet released to the ASX on 18 November 2011 for further information in relation to the demerger of AEL.

5.1.2 Overview of the Bullabulling Gold Project¹

The Bullabulling Gold Project is located in the Eastern Goldfields region of Western Australia, approximately 60 km south-west of Kalgoorlie. The Bullabulling Gold Project consists of a number of tenements held in mining permits, miscellaneous licences, prospecting licences and applications and covers a total area of 131 square kilometres.

The Bullabulling Gold Project is a large tonnage, low grade deposit associated with the regional Bullabulling shear zone, which extends over 10 kilometres ('km'). During the 1990s, under previous owners, Bullabulling produced approximately 431,000 ounces of gold. The Bullabulling Gold Project development program focuses on the 6 km trend where previous operations were concentrated.

In May 2011, Auzex completed the phase one drilling program, which consisted primarily of confirmation drilling. Based on the results from the phase one drilling program, the JORC indicated and inferred mineral resource for the Bullabulling Gold Project is 78.84 million tonnes at 1.03 grams per tonne gold (approximately 2.60 million ounces of contained gold).

¹ Information in this section is sourced from Auzex's ASX announcements.

Table 5.1 below sets out the Bullabulling Gold Project mineral resource estimates as at August 2011. We understand that the cut off grade for the data in Table 5.1 is 0.5 grams per tonne gold.

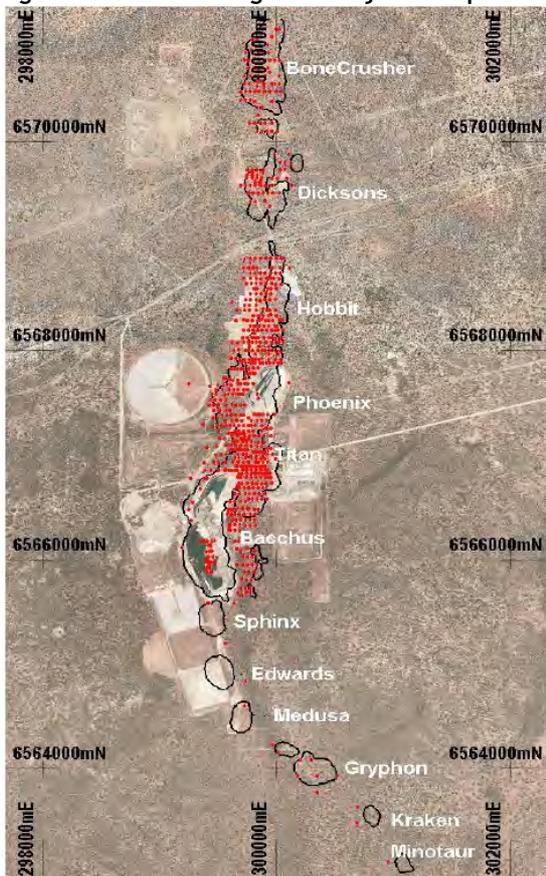
Table 5.1: Bullabulling Gold Project Mineral Resource at 0.5 g/t Cut-off - August 2011

Mineralisation Type	Class	Resource (Mega Tonnes)	Gold Grade (g/t)	Contained Ounces
Bullabulling Laterite	Inferred	1.6	0.89	45,700
Bullabulling Fresh	Indicated	21.3	1.01	691,000
Bullabulling Fresh	Inferred	50.9	1.03	1,683,900
Bullabulling Trend Total		73.8	1.02	2,420,600
Gibraltar	Inferred	4.5	1.12	161,900
Laterite Dumps	Indicated	0.5	1.2	20,700
Grand Total		78.8	1.03	2,603,100

Source: Auzex Quarterly Report - 31 October 2011

On 14 May 2011, Auzex began a second phase drilling program with the aim of reclassifying the JORC inferred resources estimates to the indicated resource category. This drilling program was completed on schedule on 18 December 2011. Under the phase two drilling program, a total of 425 holes were drilled for a total of 74,452 metres. Figure 5.1 below illustrates the location of the completed drill holes during phase one and two programmes of 2011 with Whittle open cut pit shells outlines.

Figure 5.1: Bullabulling Gold Project Completed Drilling



Source: Auzex ASX Announcement on 11 January 2012

We understand that work is continuing as planned on the Bullabulling Gold Project with the following work expected to be completed in the coming months:

- Complete 20,000 metres of exploration drilling;
- Complete scoping study;
- Finalise variability metallurgical test work;
- Finalise engineering design;
- Finalise mining studies;
- Develop a life of mine schedule;
- Complete pre-feasibility study;
- Complete geophysical studies to target high grade deep exploration; and
- Drilling of potential high grade targets.

For additional information in relation to the Bullabulling Gold Project Auzex shareholders should refer to the technical report prepared by CSA Global, attached as Appendix E to this Report, and announcements made by Auzex to the ASX.

An analysis of the Australian gold mining industry, in which Auzex could be considered to operate, is provided in Appendix A of this Report.

5.2 Equity Structure of Auzex

As at the date of the Scheme Booklet, Auzex had the following securities on issue:

- 140,468,565 fully paid ordinary shares;
- 1,943,479 unlisted options expiring on 21 October 2013, exercisable at \$0.10 per option; and
- 426,425 unlisted options expiring on 28 October 2014, exercisable at \$0.19 per option.

5.2.1 Top 10 Shareholders of Auzex Ordinary Shares

The top 10 shareholders of Auzex ordinary shares as at 10 February 2012 is set out in Table 5.2 below. Table 5.2 does not consider the effects of the change in shareholdings which may result from the cash balancing adjustment as part of the Proposed Merger.

Table 5.2: Top 10 Auzex Shareholders as at 10 February 2012

	Shareholder	Number of Shares	Percentage of Total Shares
1	National Nominees Ltd	16,980,926	12.09%
2	HSBC Custody Nominees (Australia) Ltd	16,188,015	11.52%
3	GGG Resources Plc	10,266,667	7.31%
4	JP Morgan Nominees Australia Limited	9,454,647	6.73%
5	Peninsula Goldfields Pty Ltd	7,346,689	5.23%

Shareholder	Number of Shares	Percentage of Total Shares
6 Misty Grange Pty Ltd	4,600,204	3.27%
7 Forsyth Barr Custodians Ltd	3,503,256	2.49%
8 HSBC Custody Nominees (Australia) Ltd - GSI EDA	2,694,240	1.92%
9 Clariden Capital Limited	2,000,000	1.42%
10 Pan Australian Nominees Pty Limited	1,664,457	1.18%
Other shareholders	65,769,464	46.84%
Total Shares on Issue	140,468,565	100.00%

Source: Section 6.7 of the Scheme Booklet

5.3 Trading of Auzex Shares

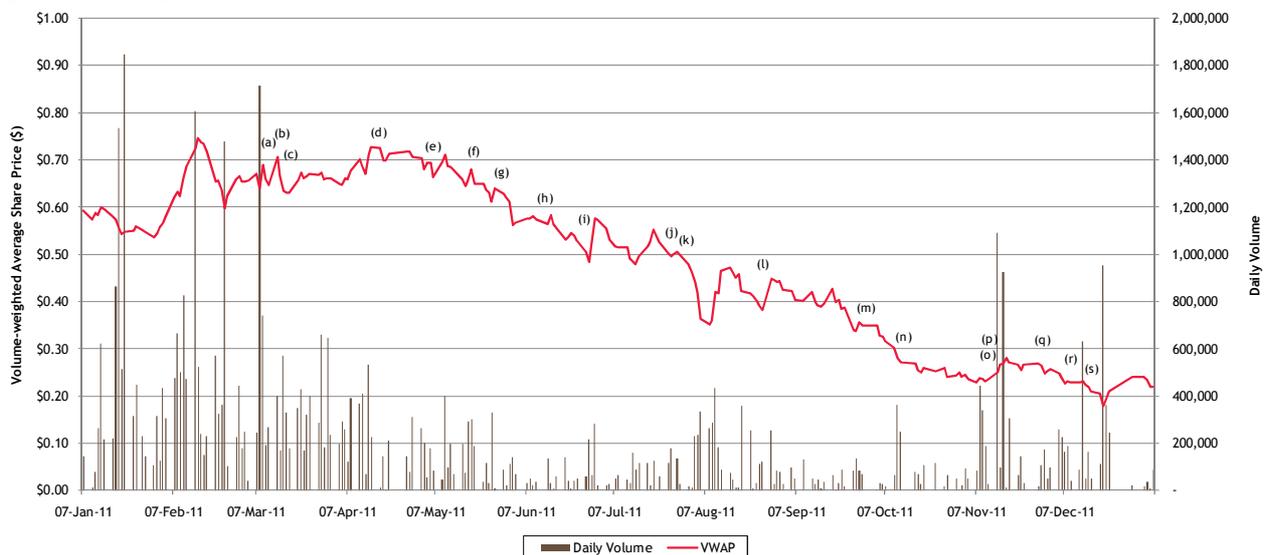
This section sets out our analysis of the share market performance of Auzex shares by considering:

- The recent price of Auzex shares listed on the ASX;
- Significant transactions in Auzex shares; and
- The liquidity of Auzex shares.

5.3.1 Auzex Share Price

Auzex shares are listed on the ASX. Figure 5.2 below shows Auzex’s daily VWAP and the volume of shares traded each day over the period from 7 January 2011 to 6 January 2012 inclusive.

Figure 5.2: Daily VWAP and Volume Traded for Auzex from 7 January 2011 to 6 January 2012



Source: Bloomberg as at 10 January 2012

Over the period graphed in Figure 5.2, the Auzex daily VWAP shows a period low of \$0.1792 on 20 December 2011 and a period high of \$0.7467 on 15 February 2011.

In addition to the share price and trading data, we have also provided additional information in this Report to assist readers to understand possible reasons for movements in Auzex's share price and volume of share trades over the time period analysed. We have provided a summary of Auzex's announcements over the period from 7 January 2011 to 6 January 2012 in Table 5.3 below.

Table 5.3: Summary of Auzex's Announcements over the period from 7 January 2011 to 6 January 2012

	Date	Announcement
(a)	10 March 2011	Auzex announced the commencement of a diamond drilling program at the Lyell project in New Zealand. The announcement stated "the potential for discovery of significant gold mineralisation at Lyell associated with a 3,000 metre long gold-arsenic soil anomaly is very good."
(b)	14 March 2011	Auzex announced that it had received from GGG a proposal that it intends to make a scrip offer of 7 GGG shares for every 5 Auzex shares held.
(c)	16 March 2011	The board of Auzex announced that it intends to reject the GGG offer stating that it is "grossly inadequate."
(d)	18 April 2011	GGG's Bidder's Statement was released. The GGG offer consideration was 7 GGG shares for every 5 Auzex shares, valuing Auzex at approximately A\$94.9 million.
(e)	6 May 2011	Auzex announced its intention to list on the AIM, raising up to \$25 million. The announcement also included Auzex's intention to demerge its non-Bullabulling exploration portfolio.
(f)	19 May 2011	Baker Steel Capital Managers, the largest shareholder of both Auzex (9.3%) and GGG (10.2%), indicates its intention to reject the GGG offer.
(g)	27 May 2011	Auzex announced that GGG extended its offer by two weeks; scheduled close becomes 20 June 2011.
(h)	10 June 2011	Auzex announced that GGG extended its offer by a further two weeks; scheduled close becomes 4 July 2011.
(i)	24 June 2011	Auzex announced that GGG extended its offer by a further 1 month; scheduled close becomes 4 August 2011.
(j)	25 July 2011	Auzex announced that GGG extended its offer by a further 1 month; scheduled close becomes 5 September 2011.
(k)	29 July 2011	Auzex released Appendix 5B: Mining exploration entity quarterly report which summarises expected cash flows for the coming quarter.
(l)	29 August 2011	Auzex announced the signing of a binding Heads of Agreement with GGG to merge the Bullabulling Gold Project under a single corporate entity.
(m)	28 September 2011	Auzex announced that, with its joint venture partner GGG, it applied for additional prospecting license areas covering 8.0 square km in the Bullabulling region.
(n)	12 October 2011	Auzex announced that the Bullabulling Gold Project phase two drilling program was progressing on time and to budget with results tracking above the resource modelling.
(o)	10 November 2011	Auzex released a phase two resource drilling update.
(p)	11 November 2011	Auzex announced that the court had approved the demerger scheme booklet in relation to the spin-off of Auzex's non-Bullabulling assets.
(q)	30 November 2011	Auzex announced that the 1-for-5 renounceable rights issue closed approximately 30% undersubscribed.
(r)	16 December 2011	Auzex announced that the demerger of AEL was approved by the shareholders of Auzex.
(s)	20 December 2011	Auzex announced that the demerger of AEL was approved by the Supreme Court of Queensland.

Source: ASX Announcements

In Table 5.4 below we have set out Auzex’s VWAP for the 1 week, 1 month, 3 months, 6 months, 9 months and 12 months prior to 29 August 2011, being the date that Auzex announced its signing of a binding Heads of Agreement with GGG, and 6 January 2012.

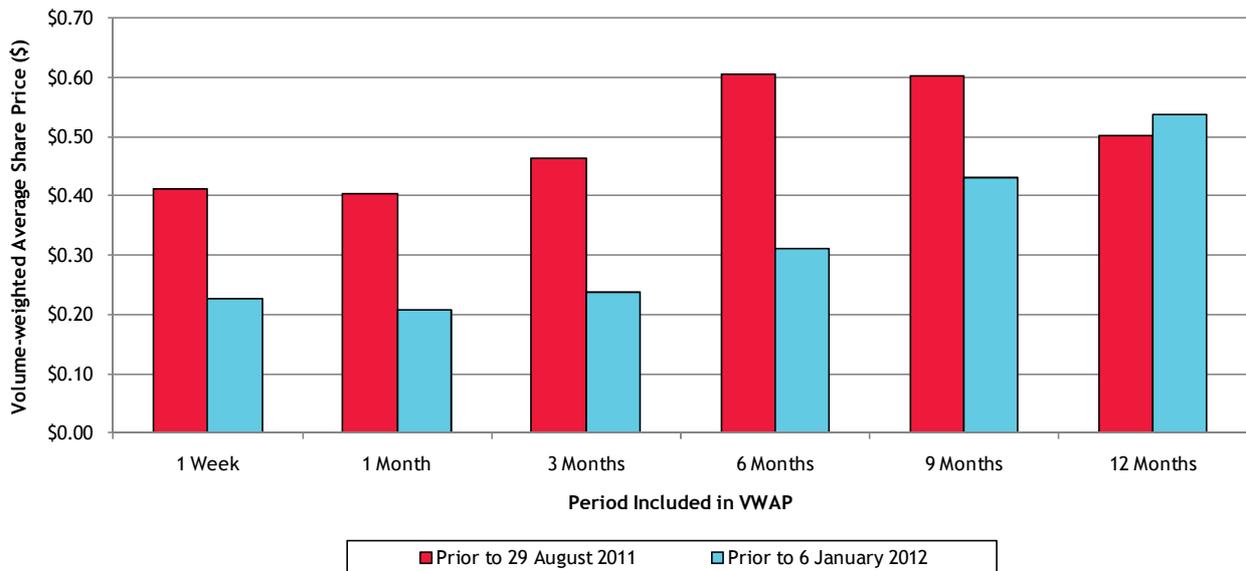
Table 5.4: Auzex’s VWAP prior to 29 August 2011 and 6 January 2012

Period before 29 August 2011	VWAP (\$)	Period before 6 January 2012	VWAP (\$)
1 Week	\$0.4130	1 Week	\$0.2267
1 Month	\$0.4035	1 Month	\$0.2071
3 Months	\$0.4632	3 Months	\$0.2388
6 Months	\$0.6043	6 Months	\$0.3126
9 Months	\$0.6022	9 Months	\$0.4301
12 Months	\$0.5018	12 Months	\$0.5385

Source: Bloomberg as at 10 January 2012

The information set out in Table 5.4 above is also expressed graphically in Figure 5.3 below.

Figure 5.3: Auzex VWAP over Specified Periods



Source: Bloomberg as at 10 January 2012

5.3.2 Summary of Auzex Share Issues

Table 5.5 below sets out a summary of Auzex share issues since 1 July 2010.

Table 5.5: Summary of Auzex Share Issues

Transaction	Date	Description
Share placement and rights issue	17 October 2011	<p>Auzex announced that it had conducted a share placement of approximately 14.3 million fully paid ordinary shares at a price of \$0.24 per share. The share placement raised a total of approximately \$3.4 million before costs (utilising the Company's 15% capacity under the ASX Listing Rules) to be used to accelerate the development of the Bullabulling Gold Project through to completion of the Proposed Merger.</p> <p>Auzex also announced a 1-for-5 renounceable rights issue to raise approximately \$4.6 million which was offered on the same terms as the share placement to Auzex's shareholders. Pursuant to the rights issue, the Company issued approximately 19.0 million shares at \$0.24 per share. The rights issue was undersubscribed by 5,721,271 shares and these shares were taken up by the underwriter.</p>
Share placement	30 November 2010	<p>Auzex announced that it has successfully completed a share placement of 12,299,201 fully paid ordinary shares at a price of \$0.55 per share. The share placement raised approximately \$6.7 million and was heavily oversubscribed.</p> <p>The funds raised were used to progress the development of the Bullabulling Gold Project, and fund future exploration drilling on gold targets outside of the 2.3km Bacchus - Phoenix portion of the Bullabulling Gold Project where the feasibility study is focussed.</p>
Rights issue	30 June 2010	<p>Auzex announced a renounceable rights issue to raise up to approximately \$2.8 million. The rights issue comprised two components, the shareholder rights issue and the option holder rights issue.</p> <p>Under the shareholder rights issue, Auzex shareholders were able to subscribe for 1 Auzex share for every 3 Auzex shares held at a price of \$0.12 or NZ\$0.145 per share. Auzex shareholders were issued 1 free Auzex option with an exercise price of \$0.20 and expiring on 13 February 2012, for every 3 Auzex shares subscribed for under the rights issue.</p> <p>Under the option holder rights issue, Auzex option holders were able to subscribe for 1 Auzex share for every 3 Auzex options held at a price of \$0.12 or NZ\$0.145 per share. Auzex shareholders were issued 1 free Auzex option with an exercise price of \$0.20 and expiring on 13 February 2012, for every 3 Auzex shares subscribed for under the rights issue.</p> <p>The rights issue closed heavily oversubscribed. GGG (formerly Central China Goldfields Plc) took up its full entitlement of \$0.24 million under the rights issue. The funds raised in the issue were to be used to undertake exploration activities at the Bullabulling Gold Project.</p>
Share placement	5 July 2010	<p>Auzex announced a share placement of 7,652,264 fully paid ordinary shares to institutional, professional and sophisticated investors at a price of \$0.12 per share. The share placement raised approximately \$0.92 million before costs which were to be used to undertake exploration activities at the Bullabulling Gold Project.</p>

Source: Auzex ASX announcements

5.3.3 Liquidity of Auzex on the ASX

The volume of equity instruments traded is generally referred to as the ‘liquidity’ of the equity instruments. Changes in liquidity may impact the trading price of equity instruments, particularly depending on the number of equity instruments available to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price, as is indicated by a share sale or series of share sales, may or may not represent a shift in value of either the equity instruments or of the company as a whole.

Table 5.6 below summarises the monthly liquidity of Auzex shares from January to December 2011. Liquidity has been summarised by considering the following:

- Volume of Auzex trades per month;
- Number of trades in Auzex shares per month;
- Total value of trades per month;
- Volume of Auzex trades per month as a percentage of total Auzex shares on issue at the end of the month; and
- Average volume of Auzex shares per trade per month.

Table 5.6: Liquidity of Auzex Shares

Month	Volume of shares traded	Value of Trades (\$)	Number of trades	Shares on issue at end of month	Volume / shares outstanding	Shares / trade
December 2011	3,720,209	792,750	199	129,532,248	2.87%	18,695
November 2011	4,232,241	1,070,117	220	109,626,460	3.86%	19,237
October 2011	1,304,152	355,299	134	95,193,883	1.37%	9,732
September 2011	1,150,653	446,869	153	95,193,883	1.21%	7,521
August 2011	3,497,068	1,433,134	314	95,193,883	3.67%	11,137
July 2011	1,427,252	725,952	183	95,193,883	1.50%	7,799
June 2011	1,615,349	889,189	189	95,193,883	1.70%	8,547
May 2011	3,285,695	2,200,959	283	95,102,968	3.45%	11,610
April 2011	4,016,824	2,768,477	520	95,012,865	4.23%	7,725
March 2011	9,172,490	6,052,954	876	95,012,865	9.65%	10,471
February 2011	9,940,864	6,493,071	1,160	94,795,380	10.49%	8,570
January 2011	7,992,134	4,494,255	608	94,295,380	8.48%	13,145
Total	51,354,931	4,839	27,723,026		48.67%^(a)	10,613

Source: Bloomberg as at 10 January 2012 and ASX announcements

(a) Calculated as total volume traded divided by weighted average Auzex shares on issue of 105,511,259.

Based on the total volume of Auzex shares traded from 1 January 2011 to 31 December 2011 and the weighted average number of Auzex shares outstanding over the period, approximately 48.67% of Auzex



shares were traded. Given the above information, we consider that Auzex exhibited below average liquidity² over the period.

In our view, it is difficult to determine the effect of the changes in liquidity on the market price and value of the shares with any degree of certainty. As an example, a lower level of liquidity may have either a:

- positive effect on the market trading price if the lower level of liquidity resulted from a lack of supply (which may place upwards pressure on the share price); or
- negative effect on the market trading price if the lower level of liquidity resulted from a lack of demand (which may place downwards pressure on the share price).

5.4 Historical Financial Information

This section of this Report sets out the historical financial information of Auzex. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in Auzex's annual reports which include the full statements of comprehensive income, statements of financial position and statements of cash flows.

Auzex's accounts were audited by Ernst and Young. BDO CFQ has not performed any audit or review of any type on the historical financial information of Auzex. We make no statement as to the accuracy of the information provided. However, we have no reason to believe that the information is misleading.

5.4.1 Comprehensive Income

The consolidated statement of comprehensive income of Auzex for the 12 month periods ended 30 June 2009, 2010 and 2011 are summarised in Table 5.7 below.

² In our view, a security with average liquidity would trade 70% to 90% of the securities on issue over a 12 month period.

Table 5.7: Summarised Auzex Statements of Comprehensive Income

	12 Months Ended 30 June 2009 Audited (\$)	12 Months Ended 30 June 2010 Audited (\$)	12 Months Ended 30 June 2011 Audited (\$)
Interest income	22,931	21,762	270,749
Profit on sale of tenement interests	-	1,481,070	-
Total income from continuing operations	22,931	1,502,832	270,749
Write-off of exploration expenses	(3,933,494)	-	(142,921)
General administrative expenses	(983,027)	(1,309,856)	(2,685,017)
Total expenses from continuing operations	(4,916,521)	(1,309,856)	(2,827,938)
Profit/(Loss) from continuing operations before tax	(4,893,590)	192,976	(2,557,189)
Income tax benefit attributable to operating loss	-	-	538,412
Profit/(Loss) from continuing operations after tax	(4,893,590)	192,976	(2,018,777)
Net gain/(loss) on foreign currency translation reserve	7,686	3,590	(13,703)
Net gain on available for sale asset revaluation	-	364,302	891,994
Total comprehensive income	(4,885,904)	560,868	(1,140,486)

Source: Auzex 2010 Annual Report and Auzex 2011 Full Year Statutory Accounts

In relation to the financial performance of Auzex set out in Table 5.7 above we note the following:

- Auzex had no operating revenues for any of the periods reported. Auzex's only current source of revenues is interest earned on its cash reserves;
- The \$1,481,070 profit on sale of tenements in 2010 refers to the gain realised from the sale of Auzex's 50% interest in the Bullabulling Gold Project to GGG;
- General and administrative expenses increased in 2010 by 33.2% to approximately \$1.3 million, from approximately \$1.0 million in 2009, due to the additional expenses associated with the Bullabulling Gold Project. General and administrative expenses increased a further 105.0% in 2011 to approximately \$2.7 million; and
- Auzex wrote off approximately \$3.9 million in 2009 and \$0.1 million in 2011 of previously capitalised exploration and evaluation expenditure in relation to exploration tenements that were relinquished during these years.

5.4.2 Financial Position

The consolidated statements of financial position of Auzex as at 30 June 2009, 2010 and 2011 are summarised in Table 5.8 below.

Table 5.8: Summarised Auzex Statements of Financial Position

	As at 30 June 2009 Audited (\$)	As at 30 June 2010 Audited (\$)	As at 30 June 2011 Audited (\$)
Current Assets			
Cash	741,180	953,752	3,774,502
Receivables and prepayments	39,561	966,263	3,079,170
Total current assets	780,741	1,920,015	6,853,672
Non Current Assets			
Property, plant and equipment	61,383	488,895	543,040
Deferred exploration and evaluation phase costs	9,601,846	10,267,904	15,456,137
Investment in available for sale asset	-	1,044,893	2,475,298
Total non current assets	9,663,229	11,801,692	18,474,475
Total assets	10,443,970	13,721,707	25,328,147
Current Liabilities			
Payables	94,534	342,925	2,804,604
Provisions	42,740	44,581	92,246
Total current liabilities	137,274	387,506	2,896,850
Non Current Liabilities			
Provisions	84,717	299,717	393,417
Total non current liabilities	84,717	299,717	393,417
Total liabilities	221,991	687,223	3,290,267
Net assets	10,221,979	13,034,484	22,037,880
Equity			
Contributed equity	17,871,967	20,097,938	30,038,612
Other reserves	703,654	1,097,212	2,178,711
Accumulated losses	(8,353,642)	(8,160,666)	(10,179,443)
Total equity	10,221,979	13,034,484	22,037,880

Source: Auzex 2010 Annual Report and Auzex 2011 Full Year Statutory Accounts

In relation to the financial position of Auzex set out in Table 5.8 above we note the following:

- Of the \$3.1 million in receivables and prepayments in Auzex's accounts as at 30 June 2011, approximately \$1.98 million relates to receivables associated with the Bullabulling Gold Project joint venture;
- The available for sale assets held by Auzex relate to its 4.8% equity interest in GGG. The fair value of the GGG shares was re-valued upward during the year;
- Capitalised deferred exploration and evaluation expenditure phase costs increased by 50.5% to approximately \$15.5 million in 2011, primarily as a result of the resource drilling program on the Bullabulling Gold Project; and

- Shareholder's contributed equity increased by approximately \$9.9 million to approximately \$30.0 million in 2011, predominantly as a result of capital raisings associated with funding the Bullabulling Gold Project.

Amongst other issues, we note in particular that subsequent to the preparation of the statement of financial position set out in Table 5.8 above, Auzex raised approximately \$7.52 million via a placement and rights issue and demerged the assets of AEL.

Table 5.9 below sets out an extract of Auzex's pro forma statement of financial position as at 30 November 2011 assuming, on this date, that AEL had been demerged and the share placement and rights issue were completed.

Table 5.9: Extract of Auzex Pro Forma Statement of Financial Position

	As at 30 Nov 2011 (\$)
Current Assets	
Cash and cash equivalents	6,704,898
Receivables and prepayments	1,329,849
Total current assets	8,034,747
Non Current Assets	
Property, plant and equipment	422,508
Deferred exploration and evaluation phase costs	8,989,798
Investments in available for sale assets	-
Total non current assets	9,412,306
Total assets	17,447,053
Current Liabilities	
Payables	4,499,634
Provisions	308,700
Merger costs payable	1,393,915
Total current liabilities	6,202,249
Total liabilities	6,202,249
Net assets	11,244,804

Source: Section 6.10 of the Scheme Booklet

5.4.3 Cash Flows

The consolidated statement of cash flows of Auzex for the 12 month periods ended 30 June 2009, 2010 and 2011 are summarised in Table 5.10 below.

Table 5.10: Summarised Auzex Statements of Cash Flow

	12 Months Ended 30 Jun 2009 Audited (\$)	12 Months Ended 30 June 2010 Audited (\$)	12 Months Ended 30 June 2011 Audited (\$)
Cash Flows from / (used in) Operating Activities			
Goods and services tax received	190,729	75,332	387,168
Payments to suppliers and employees	(1,175,468)	(651,479)	(2,681,361)
Interest received	23,431	24,204	203,833
Net cash flows from / (used in) operating activities	(961,308)	(551,943)	(2,090,360)
Cash Flows from / (used in) Investing Activities			
Purchase of property, plant and equipment	(17,929)	(460,386)	(142,309)
Payments for exploration/evaluation expenditure	(1,648,758)	(700,050)	(7,938,918)
Investment in term deposit	-	(675,000)	(75,000)
Proceeds from Farm-in	-	1,900,000	-
Receipts from joint venture exploration/evaluation expenditure	-	-	3,126,663
Sale of fixed assets	53,220	480	-
Net cash flows from / (used in) investing activities	(1,613,467)	65,044	(5,029,564)
Cash Flows from Financing Activities			
Proceeds from issue of shares	2,513,507	730,002	10,657,044
Costs of share issue	(86,422)	(30,531)	(716,370)
Net cash flows from financing activities	2,427,085	699,471	9,940,674
Net increase / (decrease) in cash held	(147,690)	212,572	2,820,750
Opening cash balance	888,870	741,180	953,752
Closing cash balance	741,180	953,752	3,774,502

Source: Auzex 2010 Annual Report and Auzex 2011 Full Year Statutory Accounts

In relation to the cash flows of Auzex set out in Table 5.10 above we note the following:

- Auzex's net cash used in operating activities decreased in 2010 before significantly increasing in 2011 as a result of the extra resources required to operate the Bullabulling Gold Project;
- Payments to suppliers and employees and payments for exploration/evaluation expenditure increased substantially in the 2011 year. These significant increases are due to the costs associated with operating the Bullabulling Gold Project;
- The receipts from joint venture exploration/evaluation expenditure in the 2011 year relates to cash received from GGG in relation to operating expenses incurred by Auzex for the Bullabulling Gold Project; and
- The \$1.9 million proceeds from farm-in in the 2010 year relates to the sell down of a 50% interest in the Bullabulling Gold Project to GGG.

6.0 Background of GGG

6.1 Overview of GGG

GGG (formerly Central China Goldfields Plc) is a gold exploration company which was incorporated in the United Kingdom in 2004 and listed on the AIM on 30 March 2005. On 17 May 2011, GGG successfully completed an \$8.3 million capital raising and was listed on the ASX. GGG began as a gold and copper exploration company with its primary focus in China. GGG has since sold all of its projects in China and acquired a 50% interest in the Bullabulling Gold Project.

GGG's major asset is the Bullabulling Gold Project. On 13 August 2010, through a 50:50 unincorporated joint venture agreement, GGG and Auzex completed the acquisition of the Bullabulling Gold Project from Jervois Mining Ltd. GGG acquired its 50% interest in the Bullabulling Gold Project for a payment of \$3.0 million.

For more information in relation to the Bullabulling Gold Project refer to Section 5.1.2 of this Report.

6.2 Equity Structure of GGG

As at the date of the Scheme Booklet GGG had the following securities on issue:

- 170,680,298 fully paid ordinary shares;
- 200,000 options expiring on 23 February 2012, exercisable at 38.0p per option;
- 3,075,000 options expiring on 23 February 2012, exercisable at 32.0p per option;
- 500,000 options expiring on 6 October 2014, exercisable at 7.0p per option;
- 3,425,000 options expiring on 23 April 2015, exercisable at 8.0p per option;
- 1,150,000 options expiring on 30 June 2015, exercisable at 10.0p per option; and
- 3,630,000 options expiring on 23 November 2015, exercisable at 40.0p per option.

6.2.1 Top 10 Shareholders of GGG Ordinary Shares

The top 10 shareholders of GGG ordinary shares as at 10 February 2012 are set out in Table 6.1 below.

Table 6.1: Top 10 GGG Shareholders as at 10 February 2012

	Shareholder	Number of Shares	Percentage of Total Shares
1	TD Direct Investing Nominees (Europe) Limited	13,351,445	7.82%
2	The Bank of New York (Nominees) Limited	9,220,000	5.40%
3	LR Nominees Limited	7,152,537	4.19%
4	Auzex Exploration Limited	7,022,472	4.11%
5	HSBC Global Custody Nominee (UK) Limited	6,384,574	3.74%
6	HSBC Global Custody Nominee (UK) Limited	6,000,166	3.52%
7	Barclayshare Nominees Limited	5,796,586	3.40%
8	HSBC Global Custody Nominee (UK) Limited	4,725,000	2.77%
9	Vidacos Nominees Limited	4,715,000	2.76%

Shareholder	Number of Shares	Percentage of Total Shares
10 Hargreaves Lansdown (Nominees) Limited	4,116,673	2.41%
Other	102,195,845	59.88%
Total Shares on Issue	170,680,298	100.00%

Source: Section 7.6 of the Scheme Booklet

6.3 Trading of GGG Shares

This section sets out our analysis of the share market performance of GGG by considering:

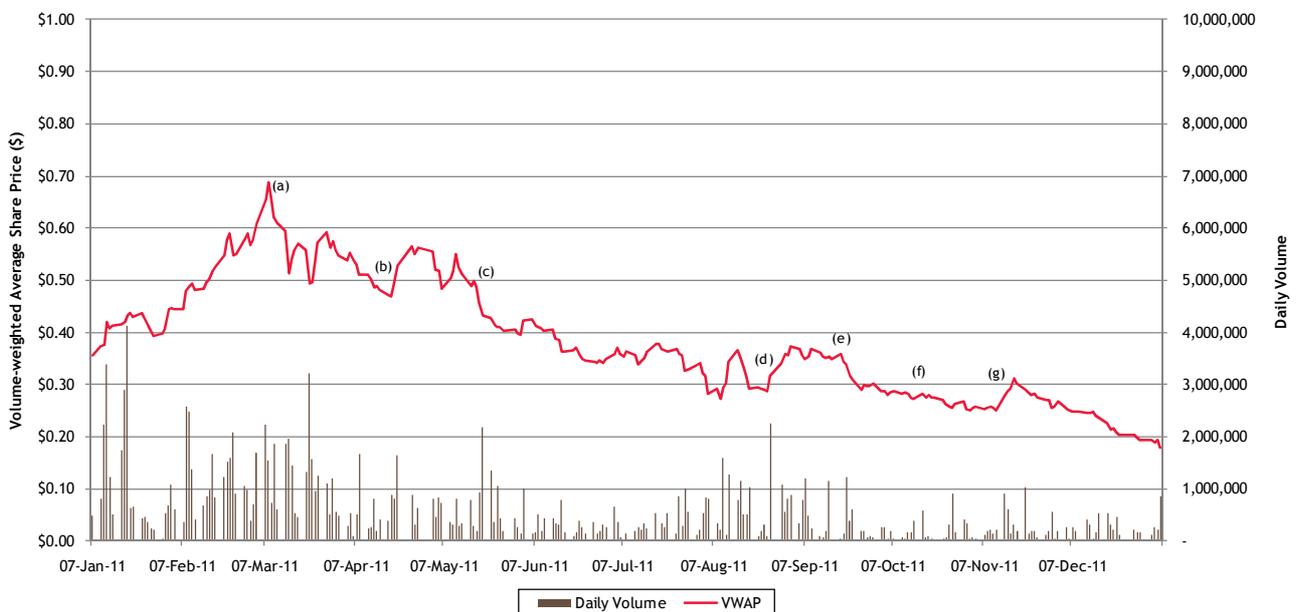
- The recent price of GGG shares listed on the AIM; and
- The liquidity of GGG shares.

6.3.1 GGG Share Price

GGG's shares are primarily listed on the AIM with a secondary listing on the ASX (in the form of CDIs). We have considered the GGG share price (based on shares listed on the AIM) from 7 January 2011 to 6 January 2012 representing the most recent 12 months of GGG share trading data. We have calculated the daily VWAP of GGG shares in Australian dollars based on the Australian dollar to Great British Pound exchange rate observed on each trading day.

Figure 6.1 below sets out GGG's daily VWAP and volume traded over the period from 7 January 2011 to 6 January 2012.

Figure 6.1: GGG's Daily VWAP from 7 January 2011 to 6 January 2012



Source: Bloomberg as at 10 January 2012

Over the period graphed in Figure 6.1, the GGG daily VWAP shows a period low of \$0.1791 on 6 January 2012 and a period high of \$0.6892 on 8 March 2011.

In addition to the share price and trading data, we have also provided additional information in this Report to assist readers to understand possible reasons for movements in GGG's share price and volume of share trades over the time period analysed. We have provided a summary of GGG's announcements over the period from 7 January 2011 to 6 January 2012 in Table 6.2 below.

Table 6.2: Summary of GGG's Announcements over the period from 7 January 2011 to 6 January 2012

Date	Announcement
(a) 11 March 2011	GGG announced that approval to list on the ASX was still pending, meaning that GGG would not be admitted to quotation within the 3 month time limit from the original prospectus, imposed by the Act.
(b) 18 April 2011	GGG announced off-market offer for Auzex. The GGG offer consideration was 7 GGG shares for every 5 Auzex shares.
(c) 19 May 2011	GGG shares commenced trading on the ASX.
(d) 29 August 2011	GGG announces the signing of a binding Heads of Agreement with Auzex to merger the Bullabulling Gold Project under a single corporate entity.
(e) 19 September 2011	GGG released a merger process update announcing the Bullabulling Gold had been incorporated and that the company is searching for a new non-executive chairman.
(f) 12 October 2011	GGG announced that Bullabulling Gold Project phase two drilling program was progressing on time and to budget with results tracking above the resource modelling.
(g) 10 November 2011	GGG released a phase two drilling program update.

Source: AIM and ASX Announcements

In Table 6.3 below we have set out GGG's VWAP for the 1 week, 1 month, 3 months, 6 months, 9 months and 12 months prior to 29 August 2011, being the announcement date of the Proposed Merger, and 6 January 2012.

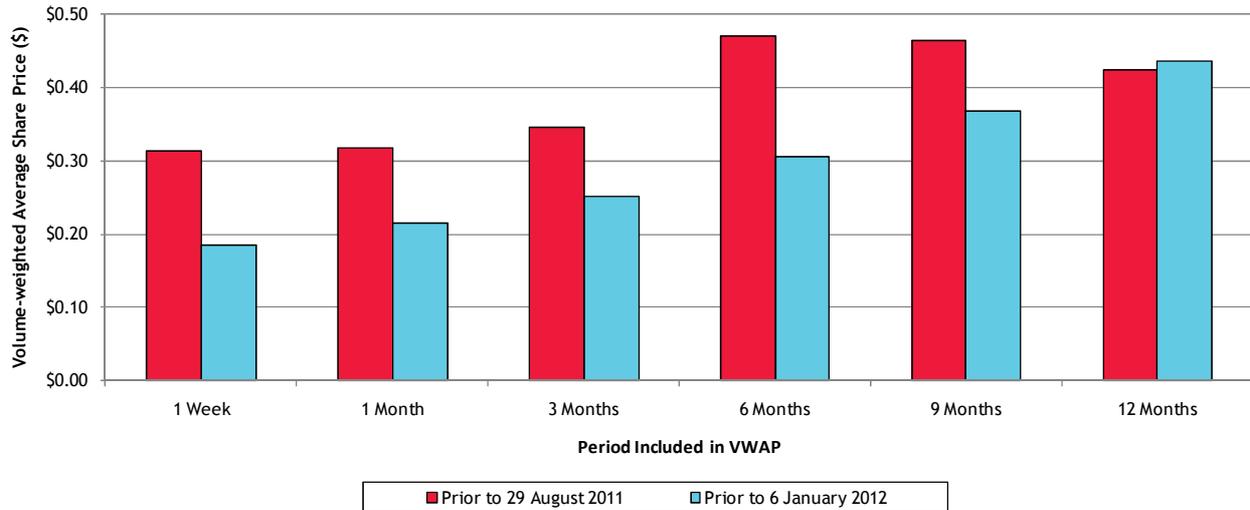
Table 6.3: GGG's VWAP prior to 29 August 2011 and 6 January 2012

Period before 29 August 2011	VWAP (\$)	Period before 6 January 2012	VWAP (\$)
1 Week	0.3128	1 Week	0.1852
1 Month	0.3171	1 Month	0.2152
3 Months	0.3451	3 Months	0.2522
6 Months	0.4712	6 Months	0.3058
9 Months	0.4639	9 Months	0.3672
12 Months	0.4235	12 Months	0.4368

Source: Bloomberg as at 10 January 2012

The information set out in Table 6.3 above is also expressed graphically in Figure 6.2 below.

Figure 6.2: GGG VWAP over Specified Periods



Source: Bloomberg as at 10 January 2012

6.3.2 Liquidity of GGG Shares

Table 6.4 below summarises the monthly liquidity of GGG shares from January to December 2011. Liquidity has been summarised by considering the following:

- Volume of GGG trades per month;
- Number of trades in GGG shares per month;
- Total value of trades per month;
- Volume of GGG trades per month as a percentage of total GGG shares on issue at the end of the month; and
- Average volume of GGG shares per trade per month.

Table 6.4: Liquidity of GGG Shares

Month	Volume of shares traded	Value of Trades (\$)	Number of trades	Shares on issue at end of month	Volume / shares outstanding	Shares / trade
December 2011	4,748,132	1,091,239	214	166,280,298	2.86%	22,188
November 2011	6,078,720	1,679,660	282	166,280,298	3.66%	21,556
October 2011	4,360,234	1,183,943	175	165,746,090	2.63%	24,916
September 2011	9,306,641	3,220,160	355	165,746,090	5.61%	26,216
August 2011	14,657,485	4,697,885	615	165,746,090	8.84%	23,833
July 2011	7,325,945	2,589,234	281	165,746,090	4.42%	26,071
June 2011	7,049,605	2,708,869	386	165,746,090	4.25%	18,263
May 2011	13,122,583	6,151,970	634	165,746,090	7.92%	20,698
April 2011	11,113,045	5,752,698	600	145,423,599	7.64%	18,522
March 2011	28,765,792	16,533,753	1,665	145,423,599	19.78%	17,277
February 2011	23,514,929	12,045,523	1,154	145,423,599	16.17%	20,377

Month	Volume of shares traded	Value of Trades (\$)	Number of trades	Shares on issue at end of month	Volume / shares outstanding	Shares / trade
January 2011	26,552,525	10,698,073	710	145,423,599	18.26%	37,398
Total	156,595,636	68,353,006	7,071		98.39%	22,146

Source: Bloomberg as at 10 January 2012

(a) Calculated as total volume traded on the AIM divided by weighted average GGG shares on issue of 159,154,002.

Based on the total volume of GGG shares traded from 1 January 2011 to 31 December 2011 and the weighted average number of GGG shares outstanding over the period, approximately 98.39% of GGG shares were traded. Given the above information, we consider that GGG exhibited average liquidity over the period.³

6.4 Historical Financial Information

This section of this Report sets out the historical financial information of GGG. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in GGG's annual reports which include the full statements of comprehensive income, statements of financial position and statements of cash flows.

The annual financial statements of GGG are prepared in accordance with International Financial Reporting Standards. The interim financial statement for the 6 months ended 30 June 2011 was prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

GGG's full year accounts were audited by Edwards Veeder (Oldham) LLP. GGG's accounts for the 6 month period ending 30 June 2011 are unaudited, however they have been reviewed by Edwards Veeder (Oldham) LLP. BDO CFQ has not performed any audit or review of any type on the historical financial information of GGG. We make no statement as to the accuracy of the information provided. However, we have no reason to believe that the information is misleading.

6.4.1 Comprehensive Income

The consolidated statement of comprehensive income of GGG for the 12 month periods ended 31 December 2009 and 2010, and for the 6 month period ended 30 June 2011 are summarised in Table 6.5 below.

³ In our view, a security with average liquidity would trade 70% to 90% of the securities on issue over a 12 month period.

Table 6.5: Summarised GGG Statements of Comprehensive Income

	12 Months Ended 31 Dec 2009 Audited (£)	12 Months Ended 31 Dec 2010 Audited (£)	6 Months Ended 30 June 2011 Unaudited (£)
Administrative expenses	(555,300)	(778,166)	(422,142)
Operating loss	(555,300)	(778,166)	(422,142)
Gain / (loss) on disposal of marketable securities	-	8,196	-
Finance income	7,361	79,118	239,863
Loss before tax	(547,939)	(690,852)	(182,279)
Tax	-	(10,986)	(305,977)
Loss from continuing operations	(547,939)	(701,838)	(488,256)
Loss from discontinued operations	(1,171,142)	-	-
Gain / (loss) from foreign currency translation	(751,001)	31,002	(42,827)
Change in fair value of available-for-sale assets	-	2,089,138	-
Total comprehensive income	(2,470,082)	1,418,302	(531,083)

Source: GGG 2010 Annual Report and GGG 2011 Half Year Statutory Accounts

In relation to the financial performance of GGG set out in Table 6.5 above we note the following:

- GGG made no operating revenue in the periods analysed and incurred varying amounts of administrative expenses in relation to its Chinese projects (2009) and the Bullabulling Gold Project (2010 and 2011);
- The loss from discontinued operations in 2009 relates to the disposal of two subsidiaries, Lhasa Tianli Mining Company Ltd and CCG Mining Ltd; and
- The change in fair value of available for sale investments in 2010 relates to a fair value adjustment of GGG's investment in Auzex.

6.4.2 Financial Position

The consolidated statements of financial position of GGG as at 31 December 2009 and 2010 and 30 June 2011 are summarised in Table 6.6 below.

Table 6.6: Summarised GGG Statements of Financial Position

	As at 31 Dec 2009 Audited (£)	As at 31 Dec 2010 Audited (£)	As at 30 June 2011 Unaudited (£)
Current Assets			
Cash and cash equivalents	3,762,442	10,784,896	13,085,967
Other receivables	2,296,578	467,714	584,359
Total current assets	6,059,020	11,252,610	13,670,326
Non Current Assets			
Investment in available for sale asset	-	3,080,396	3,080,396
Intangible asset	-	2,011,385	4,737,796
Total non current assets	-	5,091,781	7,818,192
Total assets	6,059,020	16,344,391	21,488,518

	As at 31 Dec 2009 Audited (£)	As at 31 Dec 2010 Audited (£)	As at 30 June 2011 Unaudited (£)
Current Liabilities			
Other payables	724,981	567,958	1,405,058
Restoration provision	-	-	204,234
Total current liabilities	724,981	567,958	1,609,292
Total Liabilities	724,981	567,958	1,609,292
Net assets	5,334,039	15,776,433	19,879,226
Equity			
Share capital	1,833,672	2,908,472	3,314,922
Share premium account	8,213,120	15,944,385	20,171,811
Warrant reserve	492,329	52,585	52,585
Share option reserve	267,418	345,799	345,799
Translation reserve	723,334	754,336	711,509
Available for sale asset reserve	-	2,089,138	2,089,138
Retained losses	(6,195,834)	(6,318,282)	(6,806,538)
Total equity	5,334,039	15,776,433	19,879,226

Source: GGG 2010 Annual Report and GGG 2011 Half Year Statutory Accounts

In relation to the financial position of GGG set out in Table 6.6 above we note the following:

- Cash and cash equivalents increased by 186.6% from approximately £3.8 million in 2009 to approximately £10.8 million in 2010, and a further 21.3% to approximately £13.1 million as at 30 June 2011. The increases in cash is primarily from the issue of GGG shares;
- The investment in available for sale asset relates to GGG's investment in Auzex. As at 31 December 2010 and 30 June 2011, GGG held 8.0 million ordinary Auzex shares; and
- The intangible asset relates to capitalised deferred exploration expenditure incurred in relation to the Bullabulling Gold Project.

6.4.3 Cash Flows

The consolidated statement of cash flows of GGG for the 12 month periods ended 31 December 2009 and 2010, and for the 6 month period ended 30 June 2011 are summarised in Table 6.7 below.

Table 6.7: Summarised GGG Statements of Cash Flow

	12 Months Ended 31 Dec 2009 Audited (£)	12 Months Ended 31 Dec 2010 Audited (£)	6 Months Ended 30 June 2011 Unaudited (£)
Cash Flows from / (used in) Operating Activities			
Loss for the period	(1,719,081)	(701,838)	(422,142)
Depreciation	6,175	-	-
Profit on disposal of marketable securities	-	(8,196)	-
Loss on disposal of discontinued operations	1,171,142	-	-
Stock option expense	12,664	218,027	-

	12 Months Ended 31 Dec 2009 Audited (£)	12 Months Ended 31 Dec 2010 Audited (£)	6 Months Ended 30 June 2011 Unaudited (£)
Tax expense	-	10,986	-
Finance income	(7,361)	(79,118)	-
Change in current assets	3,741,102	1,828,864	(116,645)
Change in current liabilities	(3,272,456)	(157,023)	1,041,334
Effect of foreign exchange translation	(680,870)	(525,236)	(42,827)
Tax paid on disposal of discontinued operation by foreign subsidiary	(682,619)	(10,986)	(305,977)
Net cash from / (used in) operating activities	(1,431,304)	575,480	153,743
Cash Flows from / (used in) Investing Activities			
Proceeds on disposal of discontinued operations	4,726,095	-	-
Proceeds on disposal of marketable securities	-	8,196	-
Acquisition of other intangible assets	(88,842)	(2,011,385)	(2,726,411)
Investment in available for sale asset	-	(429,460)	-
Interest received	7,361	79,118	239,863
Net cash from / (used in) investing activities	4,644,614	(2,353,531)	(2,486,548)
Cash Flows from / (used in) Financing Activities			
Issue of equity share capital	378,333	934,350	406,450
Share premium on issue of equity share capital	129,167	7,690,650	4,227,426
Share issue costs	(21,966)	(380,733)	0
Net cash from / (used in) financing activities	485,534	8,244,267	4,633,876
Net increase / (decrease) in cash	3,698,844	6,466,216	2,301,071
Cash at the beginning of the period	63,598	3,762,442	10,784,896
Effect of exchange rate of cash held	-	556,238	-
Cash at the end of the period	3,762,442	10,784,896	13,085,967

Source: GGG 2010 Annual Report and GGG 2011 Half Year Statutory Accounts

7.0 Overview of BBG

7.1 Overview of BBG

BBG was incorporated in Australia on 15 September 2011. Following the Proposed Merger, BBG will hold a 100% interest in the Bullabulling Gold Project (refer to Section 5.1.2 of this Report for a description of the Bullabulling Gold Project). It is proposed that BBG will have a primary listing on the ASX, with a secondary listing on the AIM.

The board of BBG will initially comprise two non-executive directors nominated by Auzex and two non-executive directors nominated by GGG. An independent non-executive chairman, managing director and independent non-executive director, are to be selected and appointed in accordance with the executive search procedure specified in the MIA.

The proposed board composition of BBG is set out in Table 7.1 below.

Table 7.1: Proposed BBG Board

Name	Board Position
Mr John Lawton (Auzex)	Non-executive Director
Mr Chris Baker (Auzex)	Non-executive Director
David McArthur (BBG)	Non-executive Director
Jeffrey Malaihollo (BBG)	Non-executive Director
To be appointed	Independent Director
To be appointed	Independent Non-executive Chairman
To be appointed	Managing Director

Source: Section 8.4 of the Scheme Booklet

Details of the interim measures in place, until the remaining board members are appointed, upon implementation of the Proposed Merger are set out in section 8.4 of the Scheme Booklet.

7.2 Pro Forma Financial Position

Table 7.2 below summarises the pro forma statement of financial position for BBG as at 30 November 2011. The pro forma statement of financial position shows details relating to the assets and liabilities of BBG as at 30 November 2011, assuming the Proposed Merger was approved and implemented at that date.

The pro forma statement of financial position has been prepared by Auzex management and BDO CFQ has not performed any audit or review of any type on the information. We make no statement as to the accuracy of the information provided, however we have no reason to believe that the information is inaccurate or incomplete.

Table 7.2: Summarised BBG Pro Forma Statement of Financial Position Based on Auzex and GGG Unaudited Management Accounts

	Auzex As at 30 Nov 2011 (\$)	GGG As at 30 Nov 2011 (\$)	Adjustments As at 30 Nov 2011 (\$)	Pro forma Combined As at 30 Nov 2011 (\$)
Current Assets				
Cash	6,029,898	12,936,610	-	18,966,508
Term Deposits (secured)	675,000	621,788	-	1,296,788
Receivable from GGG Resources	1,019,619	-	(1,019,619)	-
Other Receivables and prepayments	310,230	386,337	-	696,567
Total Current Assets	8,034,747	13,944,735	(1,019,619)	20,959,863
Non Current Assets				
Investments - Shares in AZX Resources	-	4,808,498	(4,808,498)	-
Deferred Exploration Expenditure	8,989,798	12,047,911	-	21,037,709
Property Plant & Equipment	422,508	422,508	-	845,016
Total Non Current Assets	9,412,306	17,278,917	(4,808,498)	21,882,725
Total Assets	17,447,053	31,223,652	(5,828,117)	42,842,588
Current Liabilities				
Payables	4,499,634	217,347	-	4,716,981
Payables to AZX	-	1,019,619	(1,019,619)	-
Merger costs payable	1,393,915	-	-	1,393,915
Provision for Employee Benefits	-	-	-	-
Provision for Rehabilitation	308,700	308,700	-	617,400
Total Current Liabilities	6,202,249	1,545,666	(1,019,619)	6,728,296
Total Liabilities	6,202,249	1,545,666	(1,019,619)	6,728,296
Net Assets	11,244,804	29,677,986	(4,808,498)	36,114,292
Shareholders' Equity				
Contributed Equity	27,890,797	36,671,678	(4,808,498)	59,753,977
Other Reserves	2,090,179	4,395,060	-	6,485,239
Retained profits/(losses)	(18,736,172)	(11,388,752)	-	(30,124,924)
Total Parent Entity Equity Interest	11,244,804	29,677,986	(4,808,498)	36,114,292
Total Shareholders' Equity	11,244,804	29,677,986	(4,808,498)	36,114,292

Source: Section 8.8 of the Scheme Booklet

8.0 Assessment of the Proposed Merger

This section of this Report sets out our opinion on whether the Proposed Merger is in the best interests of the shareholders of Auzex. This section is set out as follows:

- Section 8.1 considers the advantages of the Proposed Merger;
- Section 8.2 considers the disadvantages of the Proposed Merger;
- Section 8.3 considers the valuation considerations of the Proposed Merger;
- Section 8.4 considers Ineligible Foreign Shareholders;
- Section 8.5 considers personal tax implications arising from the Proposed Merger;
- Section 8.6 considers alternatives to the Proposed Merger;
- Section 8.7 considers the position of Auzex shareholders if the Proposed Merger is not approved; and
- Section 8.8 provides our assessment of whether the Proposed Merger is in the best interests of Auzex shareholders based on the above.

8.1 Advantages of the Proposed Merger

8.1.1 100% Control of the Bullabulling Gold Project in Single Entity

Auzex and GGG currently each have a 50% interest in the Bullabulling Gold Project which prevents either party from independently controlling the Bullabulling Gold Project. We have been instructed by the directors of Auzex that the non-controlling interests held by each party has led to decision making deadlocks between Auzex and GGG and delayed the progressive development of the Bullabulling Gold Project. This is consistent with comments that have been made in public documents by Auzex and GGG.

For example, comments attributed to Mr John Lawton, Auzex's Managing Director, in an announcement made by Auzex to the ASX on 26 May 2011 included the following:

“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.”

Another example is comments made by Dr Peter Antony Ruxton, GGG's Chairman, in his letter that was contained within GGG's Bidder's Statement dated 15 April 2011 in relation to an offer by GGG to acquire all the shares in Auzex. These comments included:

“GGG’s listing on ASX has been delayed as a result of difficulties in obtaining endorsement from Auzex of GGG’s proposed future expenditure program for the Bullabulling Joint Venture in relation to the Bullabulling Gold Project...”

Auzex's lack of co-operation towards GGG's listing in Australia influenced GGG to announce the Offer with a view to ensuring, going forward, that the interests of stakeholders in the Bullabulling Gold Project are aligned through a unified decisionmaking process, rather than being fragmented under the existing corporate decisionmaking process."

The Proposed Merger will result in the Bullabulling Gold Project being consolidated into a single entity. As the board of directors of BBG will comprise of two directors nominated by Auzex, two directors nominated by GGG and three newly appointed directors, the current decision making deadlock will be released.

It is expected that a unified management team will be able to focus its attention and resources on the exploration and development of the Bullabulling Gold Project. It may also allow an improvement in the efficiency and timeliness of the development of the Bullabulling Gold Project to maximise shareholder value by accelerating exploration and development.

It is our view that the operational and administrative efficiencies that are expected to arise from the Bullabulling Gold Project being 100% held by a single entity have the potential to unlock additional shareholder value. In our view, BBG is also more likely to attract investors seeking strategic stakes in the Bullabulling Gold Project, or even a takeover of BBG if it owns a 100% interest in the Bullabulling Gold Project, relative to a non-controlling interest hindered by joint venture deadlocks.

8.1.2 Increased Size, Liquidity and Access to Capital Markets

If the Proposed Merger is approved then BBG will be an advanced gold exploration / pre-development company with JORC indicated and inferred resources of approximately 2.6 million ounces. On a stand-alone basis, BBG will have a larger market capitalisation than Auzex and will be listed on both the ASX and the AIM. It is likely that, as a larger company with dual listing and a greater number of shareholders, BBG will have an improved profile in the investment and gold mining communities.

In addition to an improved profile, it is likely that BBG will:

- Exhibit greater liquidity than Auzex, enabling shareholders to more easily buy and sell BBG shares; and
- Have greater access to capital markets in Australia and the United Kingdom, enhancing BBG's ability to raise capital for future company investments and expansion.

8.1.3 Auzex will not be required to Raise Further Capital in the Immediate Future and will have a Stronger Financial Platform for Growth

The directors of Auzex have instructed us that if the Proposed Merger is not approved, Auzex would be required to raise additional capital to fund its share of the development of the Bullabulling Gold Project in April 2012.

There is no guarantee that Auzex will be able to raise the full amount of any additional capital required on terms acceptable to Auzex, especially in the event an underwriter is unwilling to participate.

The implications of Auzex being unable to raise additional capital are significant. For example, if Auzex is unable to fund its share of an agreed program and budget, it is liable to have its interest in the Bullabulling Gold Project diluted and potentially bought out by GGG at a discount to market value.

If the Proposed Merger is approved then BBG will have a stronger balance sheet and greater financial capacity relative to Auzex as a stand-alone entity. This is likely to put BBG in a stronger position to capitalise on the development of the Bullabulling Gold Project relative to Auzex on a stand-alone basis prior to the Proposed Merger.

8.1.4 Scope for a Positive Re-rating of the Value of the Bullabulling Gold Project

In our view, the advantages of the Proposed Merger are likely to result in BBG being a more attractive prospective gold investment relative to Auzex on a stand-alone basis. If BBG is viewed as a more attractive investment then it is our view that a positive re-rating may occur whereby the value of BBG will exceed the total combined value of Auzex's and GGG's 50% interests prior to the Proposed Merger. There is no guarantee that a re-rating will occur.

To assess the scope for a positive re-rating of the value of the Bullabulling Gold Project as part of BBG, relative to Auzex's 50% interest prior to the Proposed Merger, we have had regard to the value per resource ounce (calculated as enterprise value / total resource ounces) of BBG relative to the value per resource ounce of companies which could be considered to be broadly comparable to BBG, as at 10 January 2012. To determine the pro forma enterprise value of BBG we have adopted the value calculated under scenario 1a in Appendix B (refer to Appendix B for a description of scenario 1a).

Our analysis of the value per resource ounce of broadly comparable companies is set out in Appendix C of this Report. Having regard to the information set out in Table C.2, the average and median value per resource ounce for the broadly comparable companies are approximately \$43.55 per resource ounce and \$40.94 per resource ounce respectively. Based on BBG's pro forma enterprise value (under scenario 1a) of approximately \$50.09 million and 2.60 million ounces of gold resource, we have calculated the pro forma value per resource ounce of BBG to be \$19.27 per resource ounce.

For completeness, we note that CSA Global, in its valuation of the Bullabulling Gold Project, adopted a value per resource ounce in the range of \$19.5 per resource ounce to \$28.1 per resource ounce with a preferred value of \$23.8 per resource ounce. To determine the value per resource ounce adopted in the valuation of the Bullabulling Gold Project, CSA Global considered the value per resource ounce implied by market transactions involving companies which could be considered broadly comparable to BBG. For further information in relation to CSA Global's valuation of the Bullabulling Gold Project refer to Appendix E.

We recommend that Auzex shareholders read and understand the analysis set out in Appendix C in full.

8.1.5 Cost Synergies

In our view, it is likely that the Proposed Merger will result in opportunities for cost synergies for BBG. These cost synergies include, but are not limited to, lower corporate overheads achieved by eliminating duplicated roles at Auzex and GGG, and potential lower financing costs as a result of the advantages summarised in Sections 8.1.1 to 8.1.4 above.

8.2 Disadvantages of the Proposed Merger

8.2.1 Pre-merger Cash Balancing Adjustment is Dilutive to Auzex Shareholders

Under the MIA, eight days before the Auzex scheme meeting (the scheme meeting is expected to occur on 22 March 2012) both Auzex and GGG must calculate their anticipated net cash assets on 29 March 2012 and advise each other of their determination in writing. To the extent that there is a difference in the net cash assets between Auzex and GGG, the party with excess cash will, subject to any shareholder authorities that may be required, subscribe for a placement of shares in the other party.

The cash issue price of the shares will be equal to the 5-day VWAP of Auzex shares ending on the date that is eight days before the Auzex scheme meeting, discounted by 10%. The period of time over which the VWAP is to be measured is anticipated to be 8 March 2012 to 14 March 2012 inclusive.

Although GGG is entitled under the MIA to spin-out excess assets, including cash, we have been instructed that GGG will not exercise its entitlement. On this basis we estimate that GGG's net cash assets will exceed Auzex's and accordingly, under the MIA cash balancing adjustment, GGG will subscribe for additional shares in Auzex.

We have considered the reasonableness of the 10% discount that GGG will receive when subscribing for additional Auzex shares below, together with the anticipated impact of the cash balancing adjustment on the shareholders of Auzex.

Our estimate of the additional shares that may be issued to GGG as a result of the cash balancing adjustment under various scenarios is set out in more detail in Section B.5.2 of Appendix B.

Reasonableness of the 10% Discount

In our view, to consider the reasonableness of the 10% discount it is necessary to have regard to the following factors:

- Our analysis of equity issues of Australian companies which operate in the gold exploration and mining industry indicates that share placements and rights issues are completed at a discount of 11.84% on average to the previous five trading day VWAP. A 10% discount is below this average. Our analysis is set out in more detail in Appendix D of this Report;
- Auzex recently completed a \$3.4 million placement and \$4.57 million rights issue at 24 cents which represented a discount to the 5-day VWAP prior to announcement on 17 October 2011 of approximately 14.0%;
- Auzex currently has less cash than GGG and would be required to raise additional capital to fund the development of the Bullabulling Gold Project. There is no guarantee that Auzex would be able to raise any further capital required at a discount equal to or less than the 10% under the pre-merger cash balancing adjustment. The implications of Auzex falling short of the required cash reserves and being unable to raise additional capital are significant. For example, if Auzex is unable to fund its share of an agreed program and budget, it is liable to have its interest in the Bullabulling Gold Project diluted and potentially bought out by GGG at a discount to market value;

- For Auzex to be able to complete the Proposed Merger with a similar amount of cash to GGG, it would need to raise additional capital of approximately \$10.0 million net of costs. To put this into perspective, the placement and rights issue completed by Auzex in October/November 2011 raised approximately \$7.5 million net of costs;
- The pre-merger cash balancing adjustment allows the net cash assets of Auzex and GGG to be adjusted to equal amounts by GGG subscribing for additional shares in Auzex. This allows the net cash assets of both companies to be balanced by transferring from GGG to Auzex approximately half the amount of cash (in return for Auzex shares) which Auzex would be required to raise in its own right if it were to attempt to bring its net cash assets up to the level of GGG's net cash assets; and
- Under the MIA, the Directors of Auzex have the option to raise additional cash in a manner other than via the cash balancing adjustment if they believe that the 10% discount is not appropriate. We have been instructed that Auzex does not intend to complete any additional capital raisings to reduce the cash differential between itself and GGG.

In our view and having regard to the points set out directly above, the 10% discount to VWAP set out in the MIA for the cash balancing adjustment is not unreasonable in the circumstances.

In relation to the pre-merger cash balancing adjustment we note that there is no brokerage fees payable. If an equivalent amount of money were to be raised in the equity markets we would expect brokerage fees to be payable. By way of example, BBY's fee for the rights issue and placement conducted in October/November 2011 was 6% of the value of the placement and rights issue.

Impact of the Pre-merger Cash Balancing Adjustment on Auzex Shareholders

In our view, the issue of shares to GGG at a 10% discount to the 5-day VWAP is likely to dilute the value of the remaining Auzex shareholders' shares in Auzex.

To estimate the value impact of the pre-merger cash balancing adjustment on the shareholders of Auzex, we have considered the value of Auzex shares held by Auzex shareholders (excluding shares held by GGG) under various scenarios prior to the pre-merger cash balancing adjustment and compared this to the value of BBG shares that Auzex shareholders will receive as consideration under the Proposed Merger. The conclusion of this analysis is set out in Section B.9 of Appendix B of this Report.

8.2.2 The Five Day VWAP for the Pre-merger Cash Balancing Adjustment is Not Known

As set out in Section 3.1.2 above, the subscription price for shares under the pre-merger cash balancing adjustment is determined having regard to the 5-day VWAP of Auzex shares ending on the date that is eight days before the Auzex scheme meeting, discounted by 10%.

As GGG is expected to have more cash (and cash equivalents) on hand, it is expected that the pre-merger cash balancing adjustment will result in GGG subscribing for additional shares in Auzex. The period of time over which the Auzex VWAP is to be measured for the purpose of determining the GGG subscription price is anticipated to be 8 March 2012 to 14 March 2012 inclusive.

Given the 5-day VWAP for the pre-merger cash balancing adjustment is not known at the date of this Report, Auzex shareholders are exposed to uncertainty which, in our view, is a disadvantage associated with the Proposed Merger. This uncertainty is increased as a result of the five day measurement period which we consider to be a relatively short measurement period that increases the risk, or opportunity, of material price movements (refer Section 8.2.3 below for additional discussion on this point).

While the 5-day VWAP for the pre-merger cash balancing adjustment is not known as at the date of this Report, it will be determined on the date that is eight days before the scheme meeting and is anticipated to be announced by Auzex to the ASX seven days before the scheme meeting as well as in a notice posted to Auzex shareholders. The scheme meeting is anticipated to be held on or about 22 March 2012.

8.2.3 Risk/Opportunity of Material Price Movements during Five Day VWAP Measurement Period

For reasons set out in Section 5.3.3, we are of the view that the trading liquidity of shares in Auzex is below average. In our view, below average liquidity increases the risk of material movements in the share price over short periods of time (e.g. five days) and may result in a VWAP for the pre-merger cash balancing adjustment that is lower, or higher, than may otherwise be the case if the trading liquidity were higher or the relevant measurement period longer than the specified five days.

By way of example, if the number of shares sold over the 5-day VWAP period is in excess of the number of shares ordinarily traded in Auzex, there is a risk that Auzex's below average liquidity will lead to a 5-day VWAP that is less than may otherwise be expected. Conversely, if the number of shares purchased over the 5-day VWAP period is in excess of the number of shares ordinarily traded in Auzex, Auzex's below average liquidity may lead to a 5-day VWAP that is greater than what may otherwise be expected.

We note that a lower (higher) 5-day VWAP calculation will lead to greater (less) dilution of Auzex shareholders' interest in the Bullabulling Gold Project as GGG will be able to subscribe for more (less) shares than would otherwise be the case.

We have made enquiries of Auzex's legal advisors as to the possibility that GGG would be able to place part (or all) of its shares in Auzex on the market to increase the supply of shares over the five day period that the VWAP is calculated and accordingly, potentially reduce the 5-day VWAP for the pre-merger cash balancing adjustment. Auzex's legal advisors are of the view that, without a compelling business reason for both the sale and timing of the sale, any such sale is unlikely to be in the spirit of an 'orderly market fashion' and, as a result, would violate the terms of the MIA.

Having regard to the above, there is a risk that the short measurement period on which the VWAP for the pre-merger cash balancing adjustment is based may lead to greater dilution of Auzex shareholders interest in the Bullabulling Gold Project (e.g. if the VWAP is lower than what may otherwise be expected to be the case). There is also an opportunity that the short measurement period will lead to reduced dilution in circumstances where the VWAP calculated is higher than may otherwise be expected to be the case.

While the 5-day VWAP for the pre-merger cash balancing adjustment is not known as at the date of this Report, it will be determined on the date that is eight days before the scheme meeting and is anticipated to be announced by Auzex to the ASX seven days before the scheme meeting as well as in a notice posted to Auzex shareholders. On this basis, Auzex shareholders will have an opportunity to assess the impact of any material price movements. The scheme meeting is anticipated to be held on or about 22 March 2012.



8.2.4 Value of BBG Securities Received by Auzex Securityholders in Aggregate may be less than the Value Prior to the Proposed Merger

The MIA for the Proposed Merger has been drafted in a manner that ensures that the interest that ordinary Auzex shareholders have in the Bullabulling Gold Project prior to the Proposed Merger is retained post the Proposed Merger on an undiluted basis.

However, when the impact of the number of Auzex and GGG options on issue is considered, it is likely that the interest that ordinary Auzex shareholders have in the Bullabulling Gold Project post the Proposed Merger is less than their interest on the Proposed Merger Record Date. The reason for this is that there are a greater number of options on issue in GGG relative to Auzex and Auzex shareholders interest in the Bullabulling Gold Project will be diluted when/if the GGG options are exercised.

To estimate the value impact of this potential reduction in interest in the Bullabulling Gold Project on a diluted basis, we have considered the value of Auzex shares held by Auzex shareholders (excluding shares held by GGG) under various scenarios on the Proposed Merger Record Date and compared this to the value of BBG shares that Auzex shareholders will receive as consideration under the Proposed Merger. This analysis is set out in Section B.9 of Appendix B of this Report.

8.2.5 Costs Associated with the Proposed Merger

Implementation of the Proposed Merger will involve a variety of transaction costs, including termination payments, advisor costs, stamp duty and other professional fees. If the Proposed Merger is approved, the directors of Auzex estimate that approximately \$770,000 of additional costs will be payable to implement the Proposed Merger in addition to Auzex's share of stamp duty payable which is expected to be approximately \$850,000. These costs will adversely affect the calculation of net cash assets under the pre-merger cash balancing adjustment.

8.2.6 Board of Directors

The board of directors of BBG will comprise of two directors nominated by Auzex, two directors nominated by GGG and three newly appointed directors. The expertise, skill set and operational objectives of BBG's board will differ from Auzex's board which may be viewed as a disadvantage by some Auzex shareholders.

8.3 Valuation Considerations for Auzex Shareholders

As stated previously in this Report, the Proposed Merger is intended to represent a merger of equals and it is our view that the issue of 'value', as applicable to a control transaction, is less relevant. Notwithstanding this, in Appendix B of this Report we have set out the possible valuation implications of the Proposed Merger on the shareholders of Auzex.

Appendix B discusses the valuation implications on the shareholders of Auzex having regard to different valuation scenarios of the Bullabulling Gold Project. These scenarios are broadly based on either our estimate of the value that the market is placing on the Bullabulling Gold Project (refer scenarios 1a and 1b in Table B.1 of Appendix B) or the values that have been placed on the Bullabulling Gold Project by CSA Global, the technical valuer (refer scenarios 2a, 2b and 2c in Table B.1 of Appendix B).

Having regard to the analysis set out in Appendix B, we estimate that the Proposed Merger will result in a reduction of value to Auzex shareholders in circumstances where the market is placing a similar value on Auzex's and GGG's 50% interests in the Bullabulling Gold Project and assuming that there is no additional value uplift/premium for BBG's 100% interest (i.e. when the value of the 100% interest of BBG represents the sum of the two 50% interests). We have assumed that this situation arises in scenarios 1a, 2a, 2b and 2c of our analysis in Appendix B. The reduction in value calculated in these scenarios can be attributed to three factors as follows:

- The shares anticipated to be issued to GGG under the pre-merger cash balancing adjustment at a 10% discount to the 5-day VWAP are dilutive to the remaining shareholders in Auzex (refer to Section 8.2.1 above for additional discussion);
- GGG is anticipated to have more options on issue on the Proposed Merger Record Date which, if exercised in the Merged Entity, will be dilutive to Auzex shareholders' share of BBG (refer Section 8.2.4 above for additional discussion); and
- Several one-off transaction and implementation costs that Auzex will be required to pay if the Proposed Merger is approved (refer Section 8.2.5 above for additional discussion).

It is possible that circumstances will arise where the Proposed Merger is value accretive to the Auzex shareholders. For example, holding all other assumptions equal, if a 100% interest in the Bullabulling Gold Project trades with a value uplift/premium in excess of 9.99% relative to the value of Auzex's and GGG's 50% interests then the Proposed Merger will be value accretive to Auzex shareholders. For reasons set out in Section 8.1 above, we note that the value of the Bullabulling Gold Project could trade at a premium when consolidated into a single company relative to being owned by two companies each with a 50% interest. We have assumed a premium of 9.99% arises in scenario 1b of our analysis (refer to Table B.1 of Appendix B for additional discussion in relation to how the 9.99% premium was determined).

We have considered movements in value having regard to the value of Auzex shareholders' (excluding GGG) shares immediately prior to the pre-merger cash balancing adjustment, assuming the Proposed Merger is not approved, relative to the value of BBG shares that Auzex shareholders will receive. The conclusion of this analysis is set out in Section B.9 of Appendix B. Having regard to Section B.9 and depending on the scenario adopted, we estimate that the Proposed Merger will result in a 0% to 7.60% reduction in shareholder value. This difference in value broadly arises because of the following reasons:

- Dilution that arises from the pre-merger cash balancing adjustment (approximately 15% to 25% of the difference depending on the scenario). We reiterate that it is our view, as set out in Section 8.2.1 above, that it is not unreasonable in the circumstances for the pre-merger cash balancing adjustment to occur at a 10% discount to the 5-day VWAP;
- Dilution that arises from GGG having more options on issue relative to Auzex (approximately 5% to 15% of difference depending on the scenario); and
- Transaction costs that will be incurred if the Proposed Merger is approved (approximately 65% to 75% of difference depending on the scenario).

While difficult to quantify definitively, it is our view that the advantages set out in Section 8.1 increase the probability of a 100% interest in the Bullabulling Gold Project trading over time at a premium in excess of 9.99% above the sum of the market value of the 50% interests held by Auzex and GGG prior to the Proposed Merger, holding other variables constant (e.g. market sentiment, gold price etc.).

Further, while no individual shareholder will have a controlling interest in the Bullabulling Gold Project, BBG will have a 100% controlling interest and independent directors will have the majority of the board. We expect this to add value by alleviating the operational and administrative deadlocks that have occurred to date and hindered progress of the Bullabulling Gold Project.

We recommend that Auzex shareholders read and understand the analysis set out in Appendix B.

8.4 Ineligible Foreign Shareholders

An Auzex shareholder will be an Ineligible Foreign Shareholder for the purposes of the Proposed Merger if their registered address on the Proposed Merger Record Date is a place outside Australia and its external territories, New Zealand and the United Kingdom. This is unless BBG is satisfied, acting reasonably, that the laws of that Auzex shareholder country of residence permit the issue and allotment of BBG shares to that Auzex shareholder, either unconditionally or after compliance with conditions which BBG in its sole discretion regards as acceptable.

We have been instructed that Ineligible Foreign Shareholders are estimated, as at 31 December 2011, to hold less than 1% of the total number of Auzex shares on issue.

Ineligible Foreign Shareholders will not be issued BBG shares under the Proposed Merger. Instead, the BBG shares that they would otherwise have been entitled to have issued to them under the Proposed Merger (had they not been ineligible) will be issued to the sale agent to sell on market following implementation of the Proposed Merger. We understand that all such BBG shares will be sold by the sale agent as soon as reasonably practicable and in any event not more than 15 business days after the implementation date.

There is no guarantee of the amount of cash that Ineligible Foreign Shareholders will receive from the sale of BBG shares. This will depend on the prices that can be achieved by the sale agent, and applicable brokerage, stamp duty and other selling costs, taxes and charges.

Any Ineligible Foreign Shareholder that wishes to retain their exposure to BBG and the Bullabulling Gold Project can acquire BBG shares through either the ASX or AIM following the listing.

Ineligible Foreign Shareholders should refer to section 4.12 of the Scheme Booklet for more information, including the process by which the sale agent will sell BBG shares and distribute the net cash proceeds.

8.5 Personal Tax Implications

The Proposed Merger has taxation implications for Auzex shareholders. The taxation implications of the Proposed Merger are complex and depend on the laws of the country in which the Auzex shareholder is a tax resident. It is outside the scope of this Report to address taxation considerations in detail. Auzex shareholders should consider these implications when deciding how to vote in relation to the Proposed Merger.

A more detailed discussion of the Australian taxation consequences of the Proposed Merger for Auzex shareholders who hold their shares on capital account is contained in section 12 of the Scheme Booklet. It is recommended that all Auzex shareholders, in considering their tax implications from the Proposed Merger, obtain independent professional tax advice regarding the income tax and capital gains tax implications specific to their circumstances.

8.6 Alternatives to the Proposed Merger

There is currently no other proposal on offer to Auzex shareholders. The alternative to the Proposed Merger is for Auzex shareholders to vote against the Proposed Merger and continue to hold their Auzex shares.

8.7 Position of Shareholders if the Proposed Merger is Not Approved

Table 8.1 below outlines a number of possible impacts on individual Auzex shareholders if the Proposed Merger does not proceed.

Table 8.1: Position of Auzex Shareholders if the Proposed Merger is not approved

Position	Description
Alternative funding will need to be obtained	<p>The directors of Auzex have instructed us that if the Proposed Merger is not approved, Auzex would be required to raise additional capital in April 2012 to fund its share of the development of the Bullabulling Gold Project. There is no guarantee that Auzex will be able to obtain this additional capital as and when required on terms acceptable to Auzex, especially in the event an underwriter is unwilling to participate.</p> <p>The implications of Auzex running short of liquid funds and/or being unable to raise additional capital are significant. For example, if Auzex is unable to fund its share of an agreed program and budget, it is liable to have its interest in the Bullabulling Gold Project diluted and potentially bought out by GGG at a discount to market value.</p>
Auzex shareholders will continue to hold shares in Auzex	<p>If the Proposed Merger is not approved, Auzex shareholders will continue to hold shares in Auzex. Auzex shareholders' interest in the Bullabulling Gold Project will not change and they will continue to be exposed to the benefits and risks of holding Auzex shares.</p>
BBG shares will not be issued to Auzex shareholders	<p>If the Proposed Merger is not approved then Auzex shareholders will not be issued BBG shares. In the case of foreign shareholders, they will not receive the average proceeds, after deduction of any applicable brokerage, taxes and charges, from the sale of BBG shares.</p> <p>Furthermore, the advantages set out in Section 8.1 of this Report, which includes a potential uplift in overall value for Auzex shareholders, will not be realised. Likewise, the disadvantages of the Proposed Demerger that are set out in Section 8.2 of this Report may not otherwise arise.</p>
Auzex may receive a superior offer	<p>If the Proposed Merger is not approved, it is possible that Auzex shareholders may receive a superior offer to the Proposed Merger. We understand that no superior offer has been received by Auzex.</p>
Break fee may be payable	<p>Under the terms of the MIA, Auzex may be required to pay a break fee, as detailed in section 11.3 of the Scheme Booklet.</p>
GGG may be appointed as manager of the Bullabulling joint venture	<p>GGG will be appointed as manager of the Bullabulling joint venture if the failure of the Auzex shareholders to approve the Proposed Merger follows an Auzex Director withdrawing his recommendation that Auzex shareholders vote in favour of the Proposed Merger, or if the MIA is terminated by GGG as a result of breach of the MIA by Auzex.</p>

Source: BDO CFQ analysis

In addition to the above, we note that irrespective of whether or not the Proposed Merger is approved, Auzex has incurred costs in relation to the Proposed Merger that it will not be able to recover.

8.8 Conclusion

After considering the information set out in Sections 8.1 to 8.7 above, it is our view that, on balance, the advantages of the Proposed Merger outweigh the disadvantages of the Proposed Merger and that the Proposed Merger is in the **best interests** of Auzex shareholders.

In forming our opinion, we specifically note that:

- The Proposed Merger is intended to be a merger of equals;
- Auzex shareholders' (excluding GGG's existing shareholding) percentage ownership interest in the Bullabulling Gold Project on the Proposed Merger Record Date (i.e. post the pre-merger cash balancing adjustment) will be retained, on an undiluted basis, following the Proposed Merger (refer Tables B.7 and B.8 of Appendix B);
- Having regard to the analysis set out in this Report (e.g. Section 8.3 and Appendix B), the way in which the transaction mechanisms operate to facilitate the Proposed Merger, and that Auzex shareholders will retain their percentage ownership in the Bullabulling Gold Project on the Proposed Merger Record Date (on an undiluted basis), it is our view that it is appropriate for Auzex shareholders to consider that the valuation analysis is of less relevance in the circumstances;
- While difficult to quantify definitively, it is our view that (all other assumptions equal) the advantages set out in Section 8.1 increase the probability of a 100% interest in the Bullabulling Gold Project trading over time at a premium, relative to the sum of the market value of the 50% interests held by Auzex and GGG prior to the Proposed Merger, sufficient to offset the negative valuation implications of the pre-merger cash balancing adjustment, GGG having more options on issue than Auzex, and one-off transaction and implementation costs (refer to Section 8.3 and Appendix B for further discussion on the valuation implications);
- Notwithstanding the dilution that is to occur as a result of the pre-merger cash balancing adjustment at a 10% discount to VWAP, it is our view (for reasons set out in Section 8.2.1) that this 10% discount is not unreasonable in the circumstances. We note in particular that the directors of Auzex have instructed us that Auzex would be required to raise additional capital to fund its share of the development of the Bullabulling Gold Project in April 2012 if the Proposed Merger is not approved. In line with previous recent capital raisings, any further capital raising that Auzex is required to complete may be at a similar or greater discount to the 10% set out under the pre-merger cash balancing adjustment;
- The price that GGG will subscribe for additional shares in Auzex as part of the pre-merger cash balancing adjustment is not known at the date of this Report. There is also a risk that material price movements will occur in the value of Auzex's share price over the 5-day VWAP measurement period for the pre-merger cash balancing adjustment. Depending on the direction of any material price movements, the affect on Auzex shareholders may be positive or negative.

While these two disadvantages have risks associated with them, we note that an alternative to the pre-merger cash balancing adjustment that was available to Auzex required Auzex to complete a separate capital raising to bridge the expected difference in net cash assets between Auzex and GGG. As Auzex would need to raise an amount of approximately \$10.0 million net of costs to bridge the difference in net cash assets, the amount to be raised would be approximately double the cash balancing adjustment.

If an equivalent amount of money were to be raised in the equity markets, we would expect brokerage fees to be payable (no brokerage fees are payable in relation to the pre-merger cash balancing adjustment). By way of example, BBY's fee for the rights issue and placement conducted in October/November 2011 was 6% of the value of the placement and rights issue, being 6% payable after considering the discounted prices at which the share issues were completed.

The Auzex directors elected not to complete this alternative and did not complete any additional capital raisings (other than the expected exercise of options).

While the 5-day VWAP for the pre-merger cash balancing adjustment is not known as at the date of this Report, it will be determined on the date that is eight days before the scheme meeting and is anticipated to be announced by Auzex to the ASX seven days before the scheme meeting as well as in a notice posted to Auzex shareholders. In the announcement that Auzex anticipates making to the ASX seven days before the scheme meeting it will also advise Auzex shareholders of the share scheme ratio which, when multiplied by an Auzex shareholder's total shareholding, will enable the Auzex shareholder to determine the number of BBG shares they will receive if the Proposed Merger is approved. The scheme meeting is anticipated to be held on or about 22 March 2012.

9.0 Sources of Information

This Report is based on information from sources including the following:

- Auzex Annual Report for the year ended 30 June 2010;
- Auzex Annual Report for the year ended 30 June 2011;
- Auzex Quarterly Cash Flow Report for the 3 months ended 30 September 2011;
- Auzex website (www.auzex.com);
- Auzex and GGG Merger Implementation Agreement dated 17 September 2011 and the Deed of Variation dated 9 February 2012;
- GGG website (www.gggresources.com);
- GGG Annual Report for the year ended 31 December 2010;
- GGG Interim Financial Report for the 6 months ended 30 June 2011;
- GGG Quarterly Cash Flow Report for the 3 months ended 30 September 2011;
- Technical Expert's Report prepared by CSA Global, dated 9 December 2011;
- Publicly available information from sources including Auzex's ASX announcements, GGG's ASX announcements, Bloomberg, CapitalIQ, Aspect Huntley, broker reports, industry websites, IBISWorld, the Australian Bureau of Statistics and the Australian Department of Foreign Affairs and Trade; and
- Meetings and correspondence with Auzex's advisors on the Proposed Merger (including various other documents provided by the management and directors of Auzex).



10.0 Representations, Indemnities & Warranties

Auzex has agreed to our terms of engagement and the following indemnities and representations.

10.1 Representations

Auzex recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDO Persons have used and relied on publicly available information and on data, material and other information furnished to BDO Persons by Auzex, its management, and other parties, and may assume and rely upon the accuracy and completeness of, and has not assumed any responsibility for independent verification of, such publicly available information and the other information so furnished.

Auzex has acknowledged that the engagement of BDO CFQ is as an independent contractor and not in any other capacity including a fiduciary capacity.

10.2 Indemnities & Warranties

In connection with BDO CFQ's engagement to prepare this Report, Auzex has agreed to indemnify and hold harmless BDO CFQ, BDO (QLD) or any of the partners, directors, agents or associates (together 'BDO Persons'), to the full extent lawful, from and against all losses, claims, damages, liabilities and expenses incurred by them. Auzex will not be responsible, however, to the extent to which such losses, claims, damages, liabilities or expenses result from the negligent acts or omissions or wilful misconduct of any BDO Persons.

Auzex has agreed to indemnify BDO Persons in respect of all costs, expenses, fees of separate legal counsel or any other experts in connection with investigating, preparing or defending any action or claim made against BDO Persons, including claims relating to or in connection with information provided to or which should have been provided to BDO CFQ by Auzex (including but not limited to the directors and advisers of Auzex) as part of this engagement.



11.0 Experience, Disclaimers and Qualifications

BDO CFQ has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDO CFQ holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Act.

BDO CFQ and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Steven Sorbello has prepared this Report with the assistance of staff members. Mr Sorbello is a director of BDO CFQ and has extensive experience in corporate advice and the provision of valuation and business services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations.

This Report has been prepared at the request of the directors of Auzex to provide Auzex shareholders with information to assist them to decide whether to vote for or against the Proposed Merger. BDO CFQ hereby consents to this Report being used for that purpose. Apart from such use, neither the whole nor any part of this Report, nor any reference thereto may be included in or with, or attached to any document, circular, resolution, statement, or letter without the prior written consent of BDO CFQ.

BDO CFQ takes no responsibility for the contents of other documents supplied in conjunction with this Report. BDO CFQ has not audited or reviewed the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or a review of any of the entities mentioned in this Report. However we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld.

Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based upon best estimate assumptions about events and management actions, which may or may not occur. Accordingly, BDO CFQ cannot provide any assurance that any forecast is representative of results or outcomes that will actually be achieved.

With respect to taxation implications of the Proposed Merger, it is strongly recommended that Auzex shareholders obtain their own taxation advice, specific to their own particular circumstances.

The statements and opinions included in this Report are given in good faith and in the belief that they are not false, misleading or incomplete. This Report is current as at 17 February 2012.

BDO Corporate Finance (QLD) Ltd



Steven Sorbello
Director

Appendix A - Gold Mining in Australia⁴

Through its interest in the Bullabulling Gold Project, Auzex could be considered to operate in the Australian gold mining industry. The gold mining industry comprises companies that explore, mine, extract, process and refine gold ore resources into a concentrate or bullion.

We have set out a summary of the Australian gold mining industry below. The information presented in this section has been compiled from a range of publicly available sources. This summary is not intended to be a comprehensive analysis of the Australian gold mining industry.

We recommend that Auzex shareholders refer to the original source of the information referred to in this section, and any other information they believe appropriate, for a more comprehensive analysis. This section should be referred to as a broad guide only.

A.1 Description

Gold is classified as a precious metal which naturally occurs in element form as nuggets or grains in rocks, mineral veins and alluvial deposits. Pure gold is bright yellow in colour and is considered one of the most malleable and ductile of all metals. Gold has a number of uses, including a store of value in the form of coins or bullion, jewellery, electronics, dentistry and other industrial applications.

A.2 Gold Production

Gold is generally sourced from open pit mining, however when the depth of the ore renders open pit mining uneconomical, underground mining may be used. The process of extracting of gold from the ore is dependent upon the grade of ore mined.

Low grade ore follows a process whereby the ore is broken into small pieces and a cyanide solution is distributed over the ore to dissolve carbon loaded gold, which is then collected. High grade ore undergoes a grinding process where the ore is crushed into a powder. Depending on the metallurgical characteristics of the high grade ore, either a roasting, leaching or oxidation process is used to extract gold loaded carbon. Gold is then chemically stripped from the carbon and is melted and refined into bars containing 99.99% pure gold.

Australia was the world's third largest producer of gold in 2010, behind China and the United States of America. In 2010, Australia mined approximately 240 tonnes of gold, which represents approximately 9.2% of the 2010 global gold production of 2,600 tonnes. Western Australia is the largest state producer and exporter of gold in Australia, accounting for approximately 69% of total Australian production and 98.7% of total Australian gold exports in 2010. Western Australia also hosts approximately two thirds of Australia's gold resource, which is estimated at approximately 4,500 tonnes.

In 2011, Australia is forecast to produce approximately 268 tonnes of gold and export approximately 312 tonnes. Global gold production is expected to increase to approximately 2,734 tonnes in 2011.

⁴ Information in this section has been sourced from the Australian Bureau of Statistics, Australian Bureau of Agricultural and Resource Economics and Sciences: Australian Mineral Statistics 2011, IBISWorld Industry Report B: Mining in Australia, August 2010, www.dfat.gov.au/publications, and other publicly available information.

A.3 Global Demand

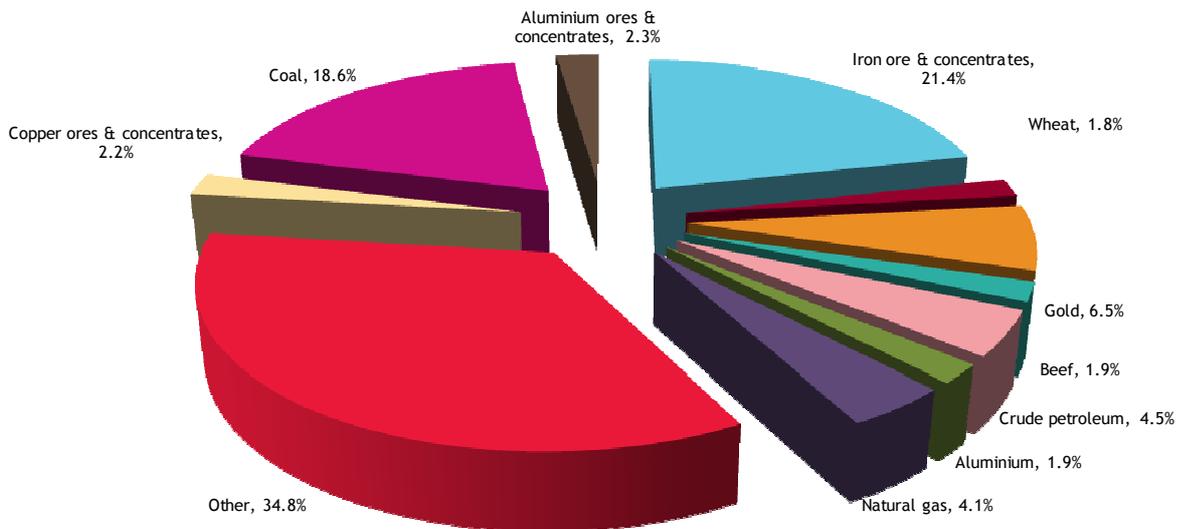
World demand for gold encompasses two uses, consumption and investment. Gold consumption relates to the use of gold in the manufacturing of jewellery, electronics, dentistry and other industrial applications. Gold investment relates to gold purchases as a store of value, usually in the form of gold bullion. Based on data from the Australian Bureau of Statistics, consumption demand for gold accounts for approximately three-quarters of total global demand.

Global demand for gold has grown strongly in recent years. Factors which influence the demand for gold consumption and investment differ. Gold consumption demand is influenced by changes at the household level, including household income, changes in consumer appetite / taste for jewellery and gold dentistry, and demand for electronics. Gold investment demand is influenced by broader economic factors, including developments in the outlook for global economies, shifts in the value of major currencies and changes in the perceived riskiness of other assets.

A.4 Australian Gold Exports

In 2010, Australia’s gold exports totalled approximately 335 tonnes, representing approximately 6.5% of Australia’s total commodity exports. Figure A.1 below illustrates Australia’s commodities exports by value for 2010.

Figure A.1: Australian Commodity Exports - 2010

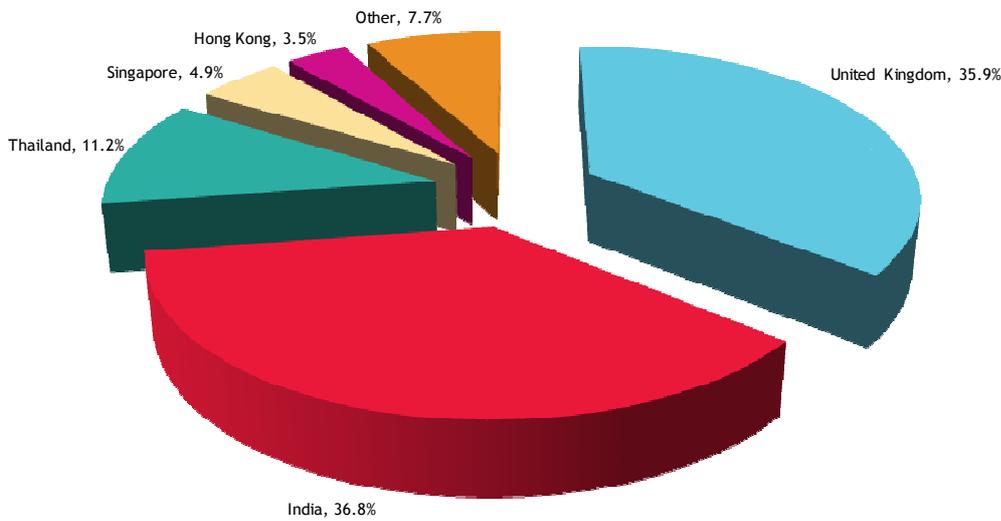


Source: Department of Foreign Affairs and Trade, Australia’s gold industry: trade, production and outlook

Demand for Australian gold in 2010 was largely dominated by India, the United Kingdom and Thailand. However, March quarter 2011 figures published by the Australian Bureau of Statistics indicate that China is increasing its demand for Australian gold, with exports to China in the March 2011 quarter being approximately 88% greater than total gold exports to China in the full 2010 year. As disposable incomes in China continue to rise, it is expected that China’s gold demand will continue to increase and that it will surpass India as the world’s largest gold consumer.

Figure A.2 below sets out Australian gold exports by destination in 2010.

Figure A.2: Australian Gold Exports by Destination - 2010



Source: Department of Foreign Affairs and Trade, Australia’s gold industry: trade, production and outlook

A.5 Gold Price

Over the 10 years to 2010, the value of gold exports grew at approximately 11.0% per annum. The strong growth in the value of gold exports over the period reflects the increasing strength of the world price of gold. Figure A.3 below sets out the spot gold price for the period from 2001 to 2011.

Figure A.3: Gold Spot Price from 2001 to 2011



Source: Bloomberg as at 13 December 2011

Note: 1.0 Troy Ounce = 1.09714 Ounces

Appendix B - Valuation Implications

B.1 Background to Valuation Section

The purpose of this section of this Report is to summarise the valuation implications of the Proposed Merger on the Auzex shareholders and, in particular, quantify any difference in value that may arise between the shares held by Auzex shareholders before the Proposed Merger relative to the value of BBG shares held post the Proposed Merger.

Our analysis in this appendix considers matters which include the following:

- An analysis of any valuation differential that may arise requires an estimate of Auzex's 5-day VWAP that will be adopted for the pre-merger cash balancing adjustment, an estimate of the value of an Auzex share on the Proposed Merger Record Date, and an estimate of the value of a BBG share post the Proposed Merger. As it is not possible for us to determine these values as at the date of this Report, we have adopted several valuation scenarios in relation to possible values that the market may be ascribing to the Bullabulling Gold Project both pre and post the Proposed Merger. The valuation scenarios that we have adopted are summarised in Section B.2 below;
- The number of shares that we expect to be on issue in Auzex, GGG and BBG under each of the various scenarios and at various points in time is discussed in Section B.3 below;
- The valuation methodology that we have adopted for our analysis is set out in Section B.4 below;
- The values that we have assumed for the assets and liabilities of Auzex, GGG and BBG under each of the various scenarios is set out in Section B.5 below;
- The valuation impact of the options that are assumed to exist in Auzex, GGG and BBG is discussed in Section B.6 below;
- Our estimate of the per share value of Auzex, assuming the Proposed Merger is not approved, under each of the various scenarios is set out in Section B.7. This is also the value that we have assumed as the Auzex 5-day VWAP under the various scenarios for the purpose of the pre-merger cash balancing adjustment;
- Our estimate of the per share value of BBG immediately post the Proposed Merger and under each of the various scenarios is set out in Section B.8;
- A comparison of the value of Auzex shareholders' shares in Auzex assuming the Proposed Merger is not approved relative to the value of Auzex shareholders' shares in BBG immediately post the Proposed Merger is set out in Section B.9 under each of the various scenarios.

B.2 Valuation Scenarios Adopted for the Bullabulling Gold Project

In order to determine the valuation implications of the Proposed Merger, it is necessary to consider future values of Auzex and BBG. To do this, we have had regard to five valuation scenarios relating to the value of the Bullabulling Gold Project. These valuation scenarios are summarised in Table B.1 below.

Table B.1: Description of the Scenarios Adopted in the Valuation Implications Analysis

Scenario Number	Description
1a Market Value	<p>Under this scenario we have adopted a value of approximately \$25.05 million for Auzex’s 50% interest in the Bullabulling Gold Project and assumed that GGG’s 50% interest would be valued at a similar amount. We have adopted a value of \$50.09 million for BBG’s 100% interest in the Bullabulling Gold Project, calculated as the sum of the value of Auzex’s and GGG’s 50% interests which we have estimated from our analysis of recent share trading data of both entities.</p> <p>The value for a 50% interest of \$25.05 million was determined having regard to the value implied by the market for a 50% interest in the Bullabulling Gold Project.</p> <p>The process that we adopted for determining the market value of the Bullabulling Gold Project is discussed further in Section B.5.1 below.</p>
1b Market Value with Additional BBG Value Uplift	<p>Under this scenario we have adopted a value of approximately \$25.05 million for Auzex’s 50% interest in the Bullabulling Gold Project which is consistent with the value adopted from scenario 1a. We have assumed that GGG’s 50% interest in the Bullabulling Gold Project would also be trading at this value.</p> <p>We have adopted a value of \$55.10 million for BBG’s 100% interest in the Bullabulling Gold Project which was determined as the sum of the two values plus a value uplift/premium of 9.99%.</p> <p>We have incorporated this scenario into our analysis as we would expect the value of the Bullabulling Gold Project to trade at a premium when consolidated into a single company relative to being owned by two companies each with a 50% interest (the reasons for this are set out in Section 8.1 of this Report).</p> <p>We have adopted a value uplift/premium of 9.99% as this is the break-even value that makes Auzex shareholders’ interest in BBG post the Proposed Merger equal to the value of their Auzex shares immediately prior to the cash balancing that is to occur as part of the Proposed Merger (assuming that the value of Auzex’s interest in the Bullabulling Gold Project prior to the uplift is approximately \$25.05 million).</p> <p>Essentially, holding all else equal, if the value uplift/premium exceeds 9.99% then the Proposed Merger will be value accretive to Auzex shareholders while a value uplift/premium less than this will result in Auzex shareholders receiving less value as a result of the Proposed Merger.</p>
2a Low Technical Value	The value adopted under this scenario for the Bullabulling Gold Project is the ‘low’ value as determined by CSA Global.
2b Preferred Technical Value	The value adopted under this scenario for the Bullabulling Gold Project is the ‘preferred’ value as determined by CSA Global.
2c High Technical Value	The value adopted under this scenario for the Bullabulling Gold Project is the ‘high’ value as determined by CSA Global.

We have adopted consistent valuations for cash and miscellaneous other assets/liabilities for each of the scenarios as, in our view, the value of the cash and miscellaneous other assets/liabilities is likely to be materially consistent with the amounts set out in the each entity’s statement of financial position.

B.3 Number of Shares Assumed to be on Issue in Auzex, GGG and BBG

This section of this Report summarises the number of shares on issue that we have assumed at varying points in time for our analysis.

B.3.1 Number of Shares on Issue in Auzex and GGG Prior to Merger

Table B.2 below summarises the number of shares that we have assumed to be on issue in Auzex and GGG prior to the pre-merger cash balancing adjustment. In determining the total shares on issue prior to the cash balancing we have made several assumptions in relation to options/warrants on issue including:

- The Auzex options expiring on 13 February 2012 with an exercise price of \$0.13 will be exercised resulting in an additional 10,262,300 shares being issued in Auzex and cash being received of \$1,334,099;
- The GGG warrants with an expiry date of 19 January 2012 and an exercise price of £0.126 are exercised resulting in an additional 4,400,000 shares being issued in GGG and cash being received of £554,400; and
- The GGG options expiring on 23 February 2012 with exercise prices of £0.38 and £0.32 will expire out of the money and therefore, no additional GGG shares will be required to be issued.

Table B.2: Number of Auzex and GGG Shares Assumed to be on Issue Immediately Prior to Cash Balancing

	Auzex	GGG
As at 6 January 2012	130,206,265	166,280,298
Assumed from exercise of options/warrants	10,262,300	4,400,000
Total prior to cash balancing	140,468,565	170,680,298

Source: BDO CFQ Analysis and Auzex and GGG Company Announcements

Table B.3 below summarises the additional shares that we have assumed that Auzex will be required to issue to GGG as a result of the pre-merger cash balancing adjustment (refer to Section B.5.2 below for additional information in relation to the cash balancing calculations).

Table B.3: Additional Shares Assumed to be Issued under each Scenario as a Result of the Cash Balancing

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
Auzex	29,480,701	29,480,701	29,204,377	24,206,657	20,671,127
GGG	n/a	n/a	n/a	n/a	n/a

Source: Table B.14 of this Report

Table B.4 below summarises the total number of Auzex and GGG shares that we have assumed to be on issue on the Proposed Merger Record Date. The values in this table have been calculated by adding the total immediately prior to the cash balancing to the value of additional shares assumed to be issued as a result of the cash balancing.

Table B.4: Number of Shares Assumed to be on Issue On the Proposed Merger Record Date

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
Auzex	169,949,266	169,949,266	169,672,942	164,675,222	161,139,692
GGG	170,680,298	170,680,298	170,680,298	170,680,298	170,680,298

B.3.2 Number of AZX shares held by GGG

Table B.5 below summarises the number of shares that we have assumed GGG will hold in Auzex on the Proposed Merger Record Date. The number of shares held by GGG in Auzex on the Proposed Merger Record Date is a key input in determining the number of shares that Auzex shareholders will be issued in BBG under the Proposed Merger.

Table B.5: Number of Auzex Shares Assumed to be Owned by GGG On the Proposed Merger Record Date

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
As at 6 January 2012	10,266,667	10,266,667	10,266,667	10,266,667	10,266,667
Assumed to be subscribed for in cash balancing	29,480,701	29,480,701	29,204,377	24,206,657	20,671,127
Total	39,747,368	39,747,368	39,471,044	34,473,324	30,937,794

Source: BDO CFQ Analysis and Auzex and GGG Company Announcements

B.3.3 Number of shares held by AZX/GGG in BBG

Under the MIA, Auzex shareholders (other than GGG in its capacity as an Auzex shareholder) will be issued a number of shares (R) in BBG for every Auzex share they hold, where the number of shares (R) is calculated as:

$$R = \frac{A \times C}{TAS - ES}$$

Where:

- A = B / (1 – C) which represents the total number of BBG shares anticipated to be on issue immediately after the Proposed Merger
- B = The number of GGG shares anticipated by GGG, on the day that is eight days before the date of the scheme meeting, to be on issue immediately before the implementation date for the Proposed Merger
- C = (((TAS – ES) / TAS) x 0.5) which represents an adjustment to allow for the Auzex shares anticipated to be held by GGG on the Proposed Merger Record Date
- TAS = The total number of Auzex shares anticipated by Auzex, on the day that is eight days before the date of the scheme meeting, to be on issue on the Proposed Merger Record Date
- ES = The number of excluded shares (i.e. number of Auzex shares held by GGG) anticipated by Auzex and GGG, on the day that is eight days before the date of the Scheme Meeting, to be issue on the Proposed Merger Record Date

Table B.6 below summarises each of the above inputs for each of the various scenarios adopted for our analysis.

Table B.6: Summary of the Inputs Required to Calculate the Number of Shares in BBG

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
R	0.81	0.81	0.82	0.86	0.89
A	276,656,719	276,656,719	276,936,754	282,269,859	286,377,870
B	170,680,298	170,680,298	170,680,298	170,680,298	170,680,298
C	0.383	0.383	0.384	0.395	0.404
TAS	169,949,266	169,949,266	169,672,942	164,675,222	161,139,692
ES	39,747,368	39,747,368	39,471,044	34,473,324	30,937,794

Source: BDO CFQ Analysis

For completeness we note that GGG, in its capacity as an Auzex shareholder, will not receive any additional shares in BBG. Item B in the above mentioned formula represents the total number of GGG shares on issue on the Proposed Merger Record Date and also represents the number of shares held by GGG shareholders in BBG following the Proposed Merger.

B.3.4 Comparison of Auzex Shareholders' Holding Pre and Post the Proposed Merger

Table B.7 below summarises the interest that Auzex shareholders, other than GGG, have in the Bullabulling Gold Project on the Proposed Merger Record Date under each of the various scenarios.

Table B.7: Summary of Other Auzex Shareholders' Interest in the Bullabulling Gold Project on the Proposed Merger Record Date

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
GGG shareholding	39,747,368	39,747,368	39,471,044	34,473,324	30,937,794
Other Auzex shareholders (excluding GGG shareholding)	130,201,898	130,201,898	130,201,898	130,201,898	130,201,898
Total	169,949,266	169,949,266	169,672,942	164,675,222	161,139,692
Other Auzex shareholders percent of total	76.61%	76.61%	76.74%	79.07%	80.80%
Other Auzex shareholders share of the Bullabulling Gold Project (i.e. total × 50%)	38.31%	38.31%	38.37%	39.53%	40.40%

Source: BDO CFQ Analysis

Table B.8 below summarises the interest that Auzex shareholders, other than GGG, have in the Bullabulling Gold Project through BBG under the various scenarios.

Table B.8: Summary of Other Auzex Shareholders Interest in the Bullabulling Gold Project Post the Proposed Merger

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
GGG shareholders	170,680,298	170,680,298	170,680,298	170,680,298	170,680,298
GGG shareholders (in capacity as Auzex shareholders)	n/a	n/a	n/a	n/a	n/a
Auzex shareholders (other than GGG)	105,976,421	105,976,421	106,256,456	111,589,561	115,697,572
Total	276,656,719	276,656,719	276,936,754	282,269,859	286,377,870
Auzex shareholders (other than GGG) percent of total	38.31%	38.31%	38.37%	39.53%	40.40%

Source: BDO CFQ Analysis

Having regard to Tables B.7 and B.8 above, we note that Auzex shareholders (other than GGG) will retain their interest in the Bullabulling Gold Project as a result of the Proposed Merger, although it is important to note that this analysis is prior to the consideration of the options in Auzex and GGG that will be exchanged for options in BBG. The impact of these options is discussed in Section B.3.5 directly below.

B.3.5 Impact of Options on Auzex Shareholders Interest in BBG

In the event the Proposed Merger proceeds, options in Auzex and GGG will be exchanged for options in BBG. The options exchanged for BBG options are likely to include:

- 1,943,479 Auzex options expiring on 21 October 2013, exercisable at \$0.10 per option;
- 426,425 Auzex options expiring on 28 October 2014, exercisable at \$0.19 per option;
- 500,000 GGG options expiring on 6 October 2014, exercisable at £0.07 per option;
- 3,425,000 GGG options expiring on 23 April 2015, exercisable at £0.08 per option;
- 1,150,000 GGG options expiring on 30 June 2015, exercisable at £0.10 per option; and

- 3,630,000 GGG options expiring on 23 November 2015, exercisable at £0.40 per option.

If all the options referred to above are exchanged for options in BBG and are subsequently exercised, an additional 8.7 million BBG shares will be issued as a result of the GGG options and an additional 2.4 million BBG shares will be issued as a result of the Auzex options (although, under the terms of the MIA, the exact number of options received by Auzex option holders in BBG will be multiplied by R, per the definition in Section B.3.3 - therefore, the number of shares issued as a result of exercising is likely to differ from 2.4 million).

As a result of there being more GGG option holders than Auzex option holders, it is likely that Auzex shareholders will ultimately hold a share of the Bullabulling Gold Project that is less than their current interest.

We have considered the value impact of the difference of GGG and Auzex option holders in our analysis.

B.4 Valuation Method Adopted

This section of this Report sets out a summary of common valuation methodologies (refer Section B.4.1) along with a description of the valuation approach we have adopted to value Auzex, GGG and BBG (refer Section B.4.2).

B.4.1 Common Valuation Methodologies

A 'fair market value' is often defined as the price that reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length. The valuation work set out in this Report assumes this relationship.

There are a number of methodologies available to value an entity at fair market value. In preparing this Report, we have considered, amongst other metrics, the valuation methodologies recommended by ASIC in RG 111 regarding content of expert reports. The methodologies include those mentioned directly below.

Discounted Future Cash Flows ('DCF')

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

Capitalisation of Future Maintainable Earnings ('CME')

The CME approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the CME calculation to calculate the total entity value.

The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the rate is an alternative way of stating the expected return on an asset, allowing for a risk premium over the risk free rate.

The CME approach is generally most appropriate where an entity has historical earnings and/or a defined forecast or budget. Further, a CME is usually considered when relevant comparable information is available.

Asset Based Valuations ('ABV')

Asset based valuations are used to estimate the market value of an entity based on the realised value of its identifiable net assets. The ABV approach ignores the possibility that an entity's value could exceed the realisable value of its net assets, however when used in conjunction with other methods which determine the value of an entity to be greater than the realisable value of its net assets, it is also possible to arrive at a reliable estimate of the value of goodwill.

The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

Market Based Valuations ('MBV')

Market based valuations relate to the valuation of an entity, where its shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

Industry Specific Metrics

It is often appropriate to have regard to industry specific valuation metrics in addition to the traditional valuation approaches outlined above. These metrics are particularly relevant in circumstances where it is reasonably common for market participants to have regard to the alternative measures of value.

For resource companies, it is common for market analysts to have regard to multiples related to resources and tenement size.

B.4.2 Valuation Approach

Our view of the most appropriate valuation methodologies to apply when calculating the value of Auzex, GGG and BBG shares is summarised in Table B.9 below. A summary of each of the valuation methodologies listed in Table B.9 below is set out in Section B.4.1 above.

Table B.9: Summary of Possible Valuation Methodologies

Valuation Methodology	Appropriate	Explanation
DCF Valuation	×	<p>The DCF methodology relies on the ability to forecast future cash flows with a reasonable degree of certainty over a sufficiently long period of time.</p> <p>The future cash flows of Auzex, GGG and BBG are unable to be forecast with the appropriate degree of accuracy as at the date of this Report. In particular, we note that the Bullabulling Gold Project is in the very early stages of development and is unlikely to generate any positive cash flows in the near term.</p> <p>In our view, a DCF methodology is not appropriate for the purposes of valuing Auzex, GGG and BBG shares in this Report.</p>
CME Valuation	×	<p>The assets owned by Auzex, GGG and BBG do not currently generate an earnings stream that is suitable for use in a CME valuation methodology.</p> <p>In our view, a CME valuation methodology is not appropriate for the purposes of valuing Auzex, GGG and BBG shares in this Report.</p>
Asset Based Valuation	✓	<p>In our view, it is appropriate to have regard to an asset based valuation methodology for the purposes of considering the value of Auzex, GGG and BBG shares in this Report.</p> <p>We have been provided with the following information which enables an asset based valuation of Auzex, GGG and BBG to be completed:</p> <ul style="list-style-type: none"> • A valuation of the Bullabulling Gold Project prepared by CSA Global, a specialist valuation expert. We have had regard to a valuation report prepared by a specialist technical valuer, CSA Global, together with the implied market value of the Bullabulling Gold Project, when determining an appropriate value to adopt for the Bullabulling Gold Project; and • An estimate of the cash balances of Auzex and GGG at 31 December 2011 along with an estimate of the net cash outflows that each entity expects to incur up to the Proposed Merger Record Date. <p>It is our view after discussions with the directors of Auzex that the value of the miscellaneous other assets/liabilities is unlikely to be material to a valuation of the entities.</p>
Market Based Valuation	✓	<p>The shares of Auzex are listed on the ASX and the shares of GGG are listed on the AIM with CDIs trading on the ASX. As a result, it is possible for us to extrapolate an implied market value for the Bullabulling Gold Project having regard to market trading data.</p>

Having regard to the information set out in Table B.9 above, it is our view that the most appropriate valuation methodology to apply to a valuation of Auzex and BBG shares is an asset based valuation methodology.

We reiterate that the purpose of our valuation work is to enable a comparison to be made between the value of shares owned by Auzex shareholders prior to the Proposed Merger to the value of BBG shares owned by Auzex shareholders post the Proposed Merger. Given that the Proposed Merger is not anticipated to be implemented until 11 April 2012, we are required to adopt a number of assumptions in relation to the likely value of certain assets and liabilities at that point in time.

The key components of our asset based valuation, along with the assumptions that we have adopted to estimate value, are discussed in Section B.5 below.

B.5 Key Components of Asset Based Valuation

The key components of the asset based valuation of Auzex, GGG and BBG are the value of the Bullabulling Gold Project, the cash on hand and miscellaneous other assets and liabilities. Each of these components is discussed below in Section B.5.1 to B.5.3 respectively.

B.5.1 Value of the Bullabulling Gold Project

This section sets out a summary of the values that we have adopted for the Bullabulling Gold Project under each scenario.

We have broadly described scenarios 1a and 1b initially, being the scenarios derived from market trading data, before describing scenarios 2a to 2c, which are scenarios derived from the technical valuation report. We conclude this section by summarising the value we have adopted for the Bullabulling Gold Project under each scenario.

Market Value (Scenarios 1a and 1b)

Table B.10 below sets out the implied market value of a 50% interest in the Bullabulling Gold Project having regard to Auzex and GGG market trading data. In relation to the assumptions that we have adopted for Table B.10 below we note the following:

- The share price, in Australian dollars, is based on the VWAP for the period 22 December 2011 (the first date that Auzex shares traded without an entitlement to participate in the AEL demerger) to 13 February 2012, as sourced from Bloomberg. The GGG share price has been converted into Australian dollars having regard to the prevailing exchange rate on each day;
- The value of options on issue has been calculated at 13 February 2012 having regard to the share prices adopted from the previous point, a volatility of 60%, a risk-free rate of 3.53% for Auzex and a risk-free rate of 0.50% for GGG.⁵ GGG's options have been converted into Australian dollars using an exchange rate of £0.6801:\$1.00 (the exchange rate on 13 February 2012 from RBA website);
- Our estimate of cash and cash equivalents was determined having regard to information provided to us by Auzex and GGG. We have not included cash anticipated to be provided to AEL, the demerged company, in our estimate of Auzex cash on hand; and
- We have adopted a value for GGG's 10,266,667 Auzex shares having regard to the value of Auzex shares from the first bullet point above.

⁵ The historical daily volatility was determined having regard to Auzex ASX share trading data and GGG AIM share trading data. The risk-free rates were determined having regard to the yields on Australian sovereign debt for Auzex and United Kingdom sovereign debt for GGG on 13 February 2012.

Table B.10: Estimate of Market Value of 50% Interest in the Bullabulling Gold Project

	Value Auzex	Value GGG
Share price (AUD)	0.2123	0.2071
Number of shares	140,468,565	170,680,298
Market capitalisation	29,821,476	35,347,890
Value of options/warrants	285,306	734,672
Value of equity	30,106,783	36,082,561
Less estimate of cash and cash equivalents 31 December 2011	2,518,000	11,400,000
Less shares in Auzex	n/a	2,179,613
Estimate of market value of 50% of the Bullabulling Gold Project	27,588,783	22,502,948

Source: BDO CFQ Analysis and information provided by AZX and GGG

We have adopted the average of the two values from Table B.10 above for the purpose of scenario 1a in this Report.

In addition to the market value calculation set out in Table B.10 above, we have set out a further scenario, referred to as scenario 1b, that applies a value uplift of 9.99% to the 100% interest in the Bullabulling Gold Project that will be owned by BBG post the Proposed Merger. As a result, the value that we adopted for Auzex's and GGG's 50% interests in the Bullabulling Gold Project remains \$25.05 million while the value that we have adopted for BBG's 100% interest in the Bullabulling Gold Project is \$55.10 million (being the sum of the value adopted for Auzex and GGG's 50% interests multiplied by the value uplift). Scenario 1b is described further in Table B.1 above.

Technical Value (Scenarios 2a, 2b and 2c)

We have engaged the services of CSA Global to assist with a technical valuation of the Bullabulling Gold Project for consideration in this Report. CSA Global are specialist technical valuers of mineral assets and, in our opinion, are suitably qualified to complete a valuation of the Bullabulling Gold Project.

CSA Global have set out their view of the fair market value of the Bullabulling Gold Project in a report addressed to BDO CFQ and dated 9 December 2011. We are of the view that it is appropriate for us to refer to this report when determining an appropriate value for the Bullabulling Gold Project. The CSA Global report is set out in Appendix E of this Report.

Table B.11 summarises the range of fair market values that CSA Global has determined for the Bullabulling Gold Project.

Table B.11: Summary of CSA Global's Valuation of the Bullabulling Gold Project

	Low (\$m)	Preferred (\$m)	High (\$m)
100% Interest in the Bullabulling Gold Project	50.7	61.9	73.1
50% Interest in the Bullabulling Gold Project	25.3	30.9	36.5

Source: Table 2 of the CSA Global Report

Summary

Table B.12 below summarises the value that we have adopted for the Bullabulling Gold Project for each entity under each scenario.

Table B.12: Summary of the Value of the Bullabulling Gold Project Adopted for the Valuation of Auzex and BBG

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
Value Adopted for Auzex Interest	25,045,865	25,045,865	25,300,000	30,900,000	36,500,000
Value Adopted for BBG Interest	50,091,730	55,095,148	50,700,000	61,900,000	73,100,000

B.5.2 Net Cash Assets

As set out in the MIA and summarised in Section 3.1.2 above, in circumstances where there is a difference in the anticipated ‘net cash assets’ between GGG and Auzex (where net cash assets is defined as cash on hand less liabilities including contingent liabilities), the party with excess cash will, subject to any shareholder authorities that may be required, subscribe for a placement of shares in the other party, at a cash issue price equal to the 5-day VWAP of Auzex shares ending on the date that is eight days before the Auzex scheme meeting discounted by 10%, such that GGG and Auzex have the same net cash assets at the time of the Proposed Merger. As GGG’s anticipated net cash assets are expected to exceed Auzex’s on the measurement date for the pre-merger cash balancing adjustment, it is expected that GGG will be required to subscribe for additional shares in Auzex.

In order to complete the valuation analysis set out in this Report, it is necessary to estimate Auzex’s and GGG’s net cash assets on the expected measurement date for the pre-merger cash balancing adjustment and estimate the number of shares that GGG will subscribe for under the pre-merger cash balancing adjustment. This analysis is set out below.

Estimate of Net Cash Assets for the Pre-merger Cash Balancing Adjustment

Table B.13 below sets out our estimate, based on the information that we have been provided, of the net cash assets balance estimated to exist on the measurement date for the pre-merger cash balancing adjustment.

The assumptions that we adopted to determine the values in Table B.13 are summarised as follows:

- Cash and cash equivalents: Determined having regard to the information provided to us by Auzex and GGG as at 31 December 2011. Auzex’s cash estimate does not include the \$2.09 million of cash that was provided to AEL as part of the demerger;
- Exercise of in-the-money options/warrants: We have assumed that all in-the-money options/warrants that are due to expire before the measurement date for the pre-merger cash balancing adjustment have been exercised. The cash received is equal to the exercise price multiplied by the number of options/warrants outstanding. The value included for Auzex’s options is net of the 6% underwriting and management fee (refer to Auzex announcement on 6 February 2012 for additional information). GGG’s options have been converted into Australian dollars using an exchange rate of £0.6801:\$1.00 (the exchange rate on 13 February 2012 from RBA website);
- Estimate of net cash outflow to cash balancing date and assets/liabilities to be included as part of net cash assets: Auzex and GGG have provided us with an estimate of their expected cash outflow to the measurement date for the pre-merger cash balancing adjustment along with an estimate of company specific assets/liabilities that are to be included as part of net cash assets (e.g. receivables, creditors and rehabilitation provision). We note that the main difference between Auzex’s and GGG’s balances is a requirement for Auzex to repay a materially higher creditors balance at 31 December 2011;

- Costs that GGG has agreed to pay on behalf of Auzex: Under the MIA, GGG has agreed to pay Auzex's transaction costs up to an amount of \$250,000. The amount is therefore estimated net of the \$250,000 payment;
- Value of AEL shares: Auzex and GGG have agreed that the shares that GGG received in the demerger of AEL will be treated as 'cash' for the purpose of the pre-merger cash balancing adjustment at the capital reduction value; and
- Stamp duty payable on acquisition of Auzex: We are instructed by Auzex's legal advisor that the stamp duty that will be payable on the acquisition of Auzex will be included as a contingent liability for the purpose of the pre-merger cash balancing adjustment. We have been instructed to assume that this liability will be equal to CSA Global's preferred value for a 50% interest in the Bullabulling Gold Project (refer Table B.11 above) multiplied by 5.5% and that Auzex and GGG will each have an allowance made in the calculation for a liability equal to 50% of this amount.

Table B.13: Estimate of Net Cash Assets for the Purpose of the Cash Balancing Calculation

	Auzex	GGG
Cash on hand as at 31 December 2011	\$2,518,000	\$11,400,000
Additional cash raised from assumed option/warrant exercise	\$1,254,053	\$815,174
Estimate of net cash outflow to cash balancing date and assets/liabilities to be included as part of net cash assets	(\$3,534,734)	(\$2,250,000)
Costs that GGG has agreed to pay on behalf of Auzex	\$250,000	(\$250,000)
Add value of AEL shares	n/a	\$800,386
Stamp duty payable on acquisition of Auzex	(\$849,750)	(\$849,750)
Estimate of net cash assets for cash balancing adjustment	(\$362,431)	\$9,665,810
Value assumed for cash balancing adjustment	\$5,000,000	

Source: BDO CFQ Analysis and information provided by Auzex and GGG

Having regard to the information set out in Table B.13 above, we have adopted an assumed value of \$5 million for the purpose of the cash balancing adjustment. Net cash assets, as defined in the MIA, only consider cash on hand and liabilities. We have separately considered the value of other assets that exist in Section B.5.3 below.

Estimate of the Number of Shares that GGG will be Required to Subscribe for under the Pre-merger Cash Balancing Adjustment

Table B.14 below sets out our estimate of the Auzex shares that will be issued as a result of the cash balancing adjustment.

Table B.14: Calculation of Number of Shares to be Issued under each Scenario as a Result of the Cash Balancing

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
Value assumed for cash balancing amount	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
AZX 5 Day VWAP (refer Section B.7)	\$0.188	\$0.188	\$0.190	\$0.230	\$0.269
Subscription Price for Additional AZX Shares after 10% discount	\$0.170	\$0.170	\$0.171	\$0.207	\$0.242
Number of Additional AZX shares issued to GGG	29,480,701	29,480,701	29,204,377	24,206,657	20,671,127
Cash received by Auzex on issue of shares to GGG	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

Source: BDO CFQ Analysis

B.5.3 Other Assets

It is our view, after discussions with the directors of Auzex, that the balance of Auzex's assets (other than cash and the interest in the Bullabulling Gold Project) primarily comprises property, plant and equipment. We have assumed that the fair value of the other assets equals their expected book value on the Proposed Merger Record Date (approximately \$400,000). Given the similarities between Auzex and GGG, we have assumed that BBG's other assets will have a value of approximately \$800,000 (double Auzex's value). We have discussed the above assumptions with the management of Auzex and believe them to be reasonable in the circumstances.

We note that the liabilities that we expect to exist in Auzex and BBG have previously been allowed for in the estimate of net cash assets above.

B.6 Impact of Options on the Valuation of Auzex and BBG

Both Auzex and GGG currently have options on issue and it is expected that both entities will have options on issue at the time of the Proposed Merger which will be exchanged for options in BBG. As options represent a claim on the equity of the relevant company by the holder, it is necessary to adjust the value of the equity to allow for the options.

In completing the valuation work set out in this Report, we have assumed that the options that will remain on issue at the time of cash balancing and the Proposed Merger are as follows:

- 1,943,479 Auzex options expiring on 21 October 2013, exercisable at \$0.10 per option;
- 426,425 Auzex options expiring on 28 October 2014, exercisable at \$0.19 per option;
- 500,000 GGG options expiring on 6 October 2014, exercisable at £0.07 per option;
- 3,425,000 GGG options expiring on 23 April 2015, exercisable at £0.08 per option;
- 1,150,000 GGG options expiring on 30 June 2015, exercisable at £0.10 per option; and
- 3,630,000 GGG options expiring on 23 November 2015, exercisable at £0.40 per option.

When the GGG options referred to above are exchanged for BBG options, we understand that the exercise price will be converted to an Australian dollar exercise price having regard to the prevailing exchange rate at the effective date of the GGG Scheme (anticipated to be on or around 8 March 2012). For the purpose of valuing the BBG options in this Report, we have converted the GBP exercise price to an Australian dollar exercise price assuming an exchange rate of £0.6801:\$1.00 (the exchange rate on 13 February 2012 from RBA website).

When the Auzex options referred to above are exchanged for BBG options, the number of options that will be received by each option holder will be multiplied by R while the exercise price of the options will be divided by R (refer to Section B.3.3 above for a description of how R is determined under the MIA).

Table B.15 below sets out the assumptions that we have adopted for each scenario for R (refer Table B.6 for calculation), the number of options, exercise price, and the cash payment that would be required if the options are exercised (i.e. number of options multiplied by exercise price).

Table B.15: Summary of Amendments to Auzex Option Terms as a Result of the Proposed Merger

	Before	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
R	n/a	0.81	0.81	0.82	0.86	0.89
Options expiring on 21 October 2013						
Number	1,943,479	1,581,874	1,581,874	1,586,054	1,665,659	1,726,978
Exercise Price	\$0.10	\$0.12	\$0.12	\$0.12	\$0.12	\$0.11
Exercise Payment	\$194,348	\$194,348	\$194,348	\$194,348	\$194,348	\$194,348
Options expiring on 28 October 2014						
Number	426,425	347,084	347,084	348,001	365,468	378,922
Exercise Price	\$0.19	\$0.23	\$0.23	\$0.23	\$0.22	\$0.21
Exercise Payment	\$81,021	\$81,021	\$81,021	\$81,021	\$81,021	\$81,021

The valuation methodology that we have adopted to value the options for the purpose of this Report is the Black-Scholes formula. The inputs that we adopted are summarised in Table B.16 below. We note that the number of options, expiry date and exercise price are not set out in Table B.16 below as they are summarised directly above.

Table B.16: Inputs Adopted for the Black-Scholes Formula

	Auzex	BBG	Description
Valuation date	29 Mar 12 5 Apr 12	5 Apr 12	We have assumed that the cash balancing will occur on 29 March 2012 and the Proposed Merger will occur on 5 April 2012. These two dates have been adopted as relevant in the valuation of the options at that point in time.
Risk-free Rate	3.53%	3.53%	Determined having regard to the yields on Australian sovereign debt on 13 February 2012.
Volatility	60%	60%	Determined having regard to our estimate of historical daily volatility having regard to Auzex ASX share trading data and GGG AIM share trading data over a 12 month period.
Dividend yield	0%	0%	We are instructed that Auzex, GGG and BBG are not expected to pay a dividend over the term of the options.

Source: Bloomberg and BDO CFQ analysis

The share price adopted for the option valuation is the relevant share price calculated at each point in time for each entity. As the value of the options and the value per share are dependent on each other, we have used an iterative process to solve for both.

B.7 Assumed Auzex Five Day VWAP for Pre-merger Cash Balancing Adjustment and Estimated Value of an Auzex Share if the Proposed Merger is Not Approved

To provide Auzex shareholders with a reference point for the possible differences in the value of their Auzex shares if the Proposed Merger is not approved compared to the value of BBG shares to be received if the Proposed Merger is approved, we have calculated in Table B.17 below the value of Auzex assuming the Proposed Merger is not approved. The values set out in Table B.17 below are also the values that we have assumed as Auzex's 5-day VWAP for the purpose of determining the price that GGG subscribes for additional shares in Auzex as part of the pre-merger cash balancing adjustment.

We have calculated the value of Auzex assuming that the Proposed Merger is not approved by adding back the additional transaction costs that Auzex is required to pay as a result of the Proposed Merger (we have been instructed to assume this is \$770,000) and Auzex's share of the stamp duty payable.

Table B.17: Calculation of Per Share Value of Auzex under each Scenario Immediately Prior to Cash Balancing Assuming Proposed Merger Transaction Costs Not Incurred

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
Bullabulling Gold Project - 50%	25,045,865	25,045,865	25,300,000	30,900,000	36,500,000
Net cash assets	(362,431)	(362,431)	(362,431)	(362,431)	(362,431)
Net other assets	400,000	400,000	400,000	400,000	400,000
Add-back transaction costs relating to the Proposed Merger	1,619,750	1,619,750	1,619,750	1,619,750	1,619,750
Value of equity	26,703,184	26,703,184	26,957,319	32,557,319	38,157,319
Less value of options	232,276	232,276	235,951	319,042	405,099
Assumed market capitalisation immediately prior to cash balancing	26,470,908	26,470,908	26,721,368	32,238,277	37,752,219
Assumed number of shares on issue	140,468,565	140,468,565	140,468,565	140,468,565	140,468,565
Assumed value per share immediately prior to cash balancing	0.188	0.188	0.190	0.230	0.269

Source: BDO CFQ Analysis

B.8 Assumed Value of each BBG Share Immediately After the Proposed Merger

Table B.18 below sets out our calculation of the value per BBG share under each of the scenarios immediately post the Proposed Merger. The value per share calculated is used to determine the value of BBG shares to Auzex shareholders immediately post the Proposed Merger for the purpose of the analysis set out in Section B.9 below.

Table B.18: Calculation of Per Share Value of BBG under each Scenario

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
Bullabulling Gold Project - 100% (refer Table B.12)	50,091,730	55,095,148	50,700,000	61,900,000	73,100,000
Net cash assets (refer Table B.14)	9,303,379	9,303,379	9,303,379	9,303,379	9,303,379
Net other assets (refer Section B.5.3)	800,000	800,000	800,000	800,000	800,000
Value of equity	60,195,109	65,198,527	60,803,379	72,003,379	83,203,379
Less value of options (refer Section B.6)	1,009,765	1,145,600	1,025,441	1,318,247	1,623,993
Assumed market capitalisation immediately post merger	59,185,344	64,052,927	59,777,938	70,685,132	81,579,386
Assumed number of shares on issue (refer Table B.6)	276,656,719	276,656,719	276,936,754	282,269,859	286,377,870
Assumed value of BBG share immediately post merger	0.214	0.232	0.216	0.250	0.285

Source: BDO CFQ Analysis

B.9 Value of BBG Shares that Auzex Shareholders will receive under the Proposed Merger Compared to the Value of Existing Auzex Shares

Table B.19 below sets out a comparison of the value of Auzex shareholders' (excluding GGG) shares immediately prior to the pre-merger cash balancing adjustment, assuming the Proposed Merger is not approved, relative to the value of BBG shares that Auzex shareholders will receive.

Table B.19: Change in Value of Shares from Exchanging Auzex Shares for BBG Shares under each Scenario

	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b	Scenario 2c
Pre-merger and pre-cash balancing - Value of Auzex shares held by Auzex shareholders (other than GGG)					
Number of Auzex shares (excluding GGG shareholding)	130,201,898	130,201,898	130,201,898	130,201,898	130,201,898
Assumed value per share	\$0.188	\$0.188	\$0.190	\$0.230	\$0.269
Total	\$24,536,183	\$24,536,183	\$24,768,338	\$29,882,023	\$34,992,958
Post-merger - Value of BBG shares held by Auzex shareholders (other than GGG)					
Number of BBG shares issued to Auzex shareholders	105,976,421	105,976,421	106,256,456	111,589,561	115,697,572
Assumed value per share	\$0.214	\$0.232	\$0.216	\$0.250	\$0.285
Total	\$22,671,602	\$24,536,183	\$22,935,893	\$27,943,907	\$32,958,332
Change in value from exchanging Auzex shares for BBG shares					
Pre-merger and pre cash balancing (\$)	-1,864,582	0	-1,832,444	-1,938,115	-2,034,626
Pre-merger and pre cash balancing (%)	-7.60%	0.00%	-7.40%	-6.49%	-5.81%

Source: BDO CFQ Analysis

Having regard to the comparison set out in Table B.19 above, it is our view that the percentage of value is more relevant than absolute value as a comparison measure. The reason for this is that under the scenarios that assume a larger value for the Bullabulling Gold Project, the difference in value is larger but the absolute percentage is not materially different as Auzex shareholders' shares in BBG would likely also be valued at a higher amount.



Having regard to Table B.20 and depending on the scenario adopted, we estimate that the Proposed Merger will result in a 0% to 7.60% reduction in shareholder value. This difference in value broadly arises because of the following reasons:

- Dilution that arises from the pre-merger cash balancing adjustment (approximately 15% to 25% of the difference depending on the scenario);
- Dilution that arises from GGG having more options on issue relative to Auzex (approximately 5% to 15% of difference depending on the scenario); and
- Transaction costs that will be incurred if the Proposed Merger is approved (approximately 65% to 75% of difference depending on the scenario).

Appendix C - Comparable Company Value per Resource Ounce

In this appendix we have analysed the value per resource ounce of companies which could be considered to be broadly comparable to BBG. Each of the companies analysed in this appendix are Australian incorporated and operate in the gold exploration and mining industry. Table C.1 below sets out a brief description of each of the comparable companies.

Table C.1: Comparable Company Descriptions

Company Name	Description
Ampella Mining Ltd	Ampella Mining Ltd explores for and develops zinc and gold deposits in West Africa.
Azumah Resources Ltd	Azumah Resources Ltd is a mineral exploration and production company. The Company explores for and produces gold and mineral resource prospects.
Crusader Resources Ltd	Crusader Resources Ltd is a gold and base metal company operating in Australia. The Company explores for gold, copper, nickel and zinc in Western Australia.
Reed Resources Ltd	Reed Resources Ltd engages in the mining and exploration of mineral properties in Western Australia. The company explores for steel, lithium, gold, nickel, vanadium, and iron ore deposits. Reed Resources Ltd is based in West Perth, Australia.
Chalice Gold Mines Ltd	Chalice Gold Mines Ltd engages in the exploration, evaluation and development of mineral properties in Africa and Australia. The company primarily explores for gold ores in Eritrea, East Africa.
Laguna Resources NL	Laguna Resources NL is focused on the exploration and development of gold projects in the Maricunga Gold Belt of Northern Chile.
Apex Minerals NL	Apex Minerals NL engages in the mining and production of gold, as well as exploration of mineral resources in Australia. The company is based in Perth, Western Australia.
Signature Metals Ltd	Signature Metals Ltd explores and mines natural resources in areas of Africa.
Renison Consolidated Mines NL	Renison Consolidated Mines NL, together with its subsidiaries, engages in the exploration and evaluation of gold and coal properties in Australia. The company primarily focuses on its Agate Creek Epithermal gold project in north-east Queensland.
Manas Resources Ltd	Manas Resources Ltd is an Australian-based gold explorer in the Kyrgyz Republic and a large highly-prospective land holding in the Tien Shan gold belt.
Excelsior Gold Ltd	Excelsior Gold Ltd is a mineral exploration and production company. The Company explores for gold at the Kalgoorlie North Gold Project located north of Kalgoorlie in Western Australia.
Cortona Resources Ltd	Cortona Resources Ltd explores for and produces gold. The Company operates in Western Australia.
Alchemy Resources Ltd	Alchemy Resources Ltd engages in the exploration and production of gold projects in Australia. The company owns a 100% interest in the Gascoyne projects. It also holds an 80% interest in the Murchison projects situated in the Murchison District of Western Australia.
Southern Gold Ltd	Southern Gold Ltd discovers, acquires, and develops mineral resources. The Company explores for gold, copper, and nickel in South Australia, Western Australia, and New South Wales.
Aphrodite Gold Ltd	Aphrodite Gold Limited engages in the acquisition, exploration, and development of mineral properties, primarily gold in Australia.
Bulletin Resources Ltd	Bulletin Resources Limited engages in the identification and acquisition of gold projects. It principally holds interest in the Nicolson's project located in the southwest of Halls Creek in the Kimberley region of Western Australia.
Viking Ashanti Ltd	Viking Ashanti Limited explores, develops and mines mineral deposits. The Company specifically mines for gold, but they also produce other minerals such as metasediments and quartz.

Source: Bloomberg and CapitalIQ as at 15 December 2011

Table C.2 below sets out the value per resource ounce of each of the companies listed in Table C.1 above.

Table C.2: Enterprise Value per Resource Ounce of Broadly Comparable Companies

Company Name	Enterprise Value (\$m)	Total Resources ^(a) (Moz)	Value per Resource Ounce (\$/oz)
Ampella Mining Ltd	268.20	3.07	87.24
Crusader Resources Ltd	100.02	1.86	53.77
Azumah Resources Ltd	85.66	1.16	73.54
Reed Resources Ltd	70.89	3.27	21.68
Chalice Gold Mines Ltd	57.31	0.84	68.23
Bullabulling Gold Ltd	50.09	2.60	19.27
Signature Metals Ltd	39.17	1.47	26.70
Apex Minerals NL	37.81	2.22	17.03
Laguna Resources Ltd	34.96	1.81	19.31
Renison Consolidated Mines NL	34.11	0.42	82.19
Manas Resources Ltd	30.03	1.25	24.01
Excelsior Gold Ltd	29.61	0.72	40.94
Cortona Resources Ltd	28.69	0.33	80.06
Alchemy Resources Ltd	11.10	0.20	56.46
Aphrodite Gold Ltd	7.19	1.03	6.96
Southern Gold Ltd	7.02	0.09	74.26
Bulletin Resources Ltd	1.55	0.25	6.23
Viking Ashanti Ltd	0.85	0.50	1.69
Minimum	0.85	0.09	1.69
Maximum	268.20	3.27	87.24
Average (excluding BBG)	49.51	1.21	43.55
Median (excluding BBG)	34.11	1.03	40.94

Source: Bloomberg as at 10 January 2012 and ASX Announcements

(a) JORC indicated and inferred resources as at the most recent update on the ASX.

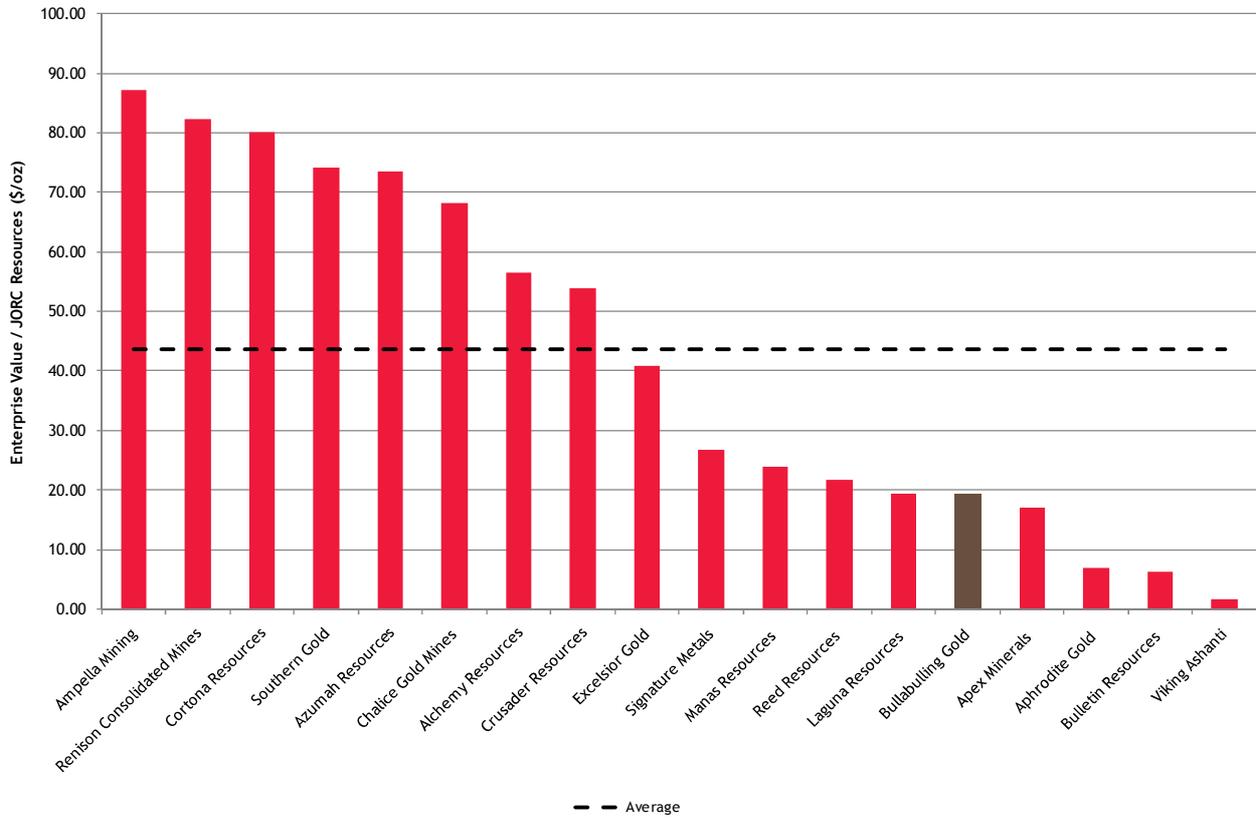
(b) Based on scenario 1a (refer to Table B.1 of Appendix B for additional discussion on scenario 1a).

We note the following in relation to the information set out in Table C.2 above:

- The average and median value per resource ounce of the companies which could be considered to be broadly comparable to BBG are \$43.55 per resource ounce and \$40.94 per resource ounce respectively;
- The enterprise values are as at 10 January 2012 and were calculated using the market capitalisation as at 10 January 2012 and the net debt balance as reported in the most recent annual or interim report; and
- Total resources includes JORC indicated and inferred gold resources as declared in the most recent publicly available announcement, which for most companies was the quarterly report for the period ended 30 September 2011. For completeness, we note that only JORC indicated and inferred resources are established at the Bullabulling Gold Project as at the date of this Report.

Figure C.1 below graphs the information set out in Table C.2 above.

Figure C.1: Value per Resource Ounce of Broadly Comparable Companies



Source: Bloomberg as at 10 January 2012 and ASX Announcements

Appendix D - Comparable Company Capital Raisings

In this appendix we have analysed a number of capital raisings completed by Australian gold exploration and mining companies which could be considered to be broadly comparable to Auzex. Table D.1 below provides a brief description of each of the companies that were analysed.

Table D.1: Broadly Comparable Australian Gold Exploration and Mining Companies

Company Name	Company Description
Gold Road Resources Ltd	Gold Road Resources is a mineral exploration and production company. The company is focused on its Yamarna Gold Project located east of Laverton, Western Australia.
Azumah Resources Ltd	Azumah Resources is a mineral exploration and production company. The company explores for and produces gold and mineral resource prospects.
Chalice Gold Mines Ltd	Chalice Gold Mines Ltd engages in the exploration, evaluation and development of mineral properties in Africa and Australia. The company primarily explores for gold ores in Eritrea, East Africa.
Millennium Minerals Ltd	Millennium Minerals mines, explores and develops metal resources in the East Pilbara region of Western Australia.
Carrick Gold Ltd	Carrick Gold is a gold exploration company. The company's primary exploration project is located in the Eastern Goldfields of Western Australia.
Navigator Resources Ltd	Navigator Resources Ltd engages in the production of gold, and exploration for gold, precious and base metals, carbonatite-hosted rare earth metals, uranium, niobium, tantalum, and phosphate. The company principally owns a 100% interest in the Bronzewing Gold project located in the Eastern Goldfields, Western Australia.
Crescent Gold Ltd	Crescent Gold Ltd engages in the exploration and development of mineral properties primarily in Western Australia. The company principally explores for gold and uranium deposits. As of 5 October 2011, Crescent Gold Ltd operates as a subsidiary of Focus Minerals Ltd.
Enterprise Metals Ltd	Enterprise Metals acquires, explores for and develops gold tenements in Western Australia.
Excelsior Gold Ltd	Excelsior Gold is a mineral exploration and production company. The company explores for gold at the Kalgoorlie North Project located in Western Australia.
Cortona Resources Ltd	Cortona Resources Ltd, together with its subsidiaries, engages in the mining and exploration of mineral properties in Australia. The company principally explores for gold deposits. It primarily holds interest in the Majors Creek project located in the Lachlan Fold Belt in New South Wales.
Canyon Resources Ltd	Canyon Resources is a mining company which produces gold from its operations in Western Australia.
Alchemy Resources Ltd	Alchemy Resources explores for and mines gold in Western Australia.

Source: Bloomberg and CapitalIQ as at 15 December 2011

Table D.2 below sets out information in relation to capital raisings of each of the companies listed in Table D.1. Our analysis includes the calculation of the premium/discount of each capital raising issue price to:

- The last trading price on the day before the announcement of the issue; and
- The VWAP for the 5 trading days (1 week) before the announcement of the issue.



Table D.2: Capital Raisings Information for Broadly Comparable Companies with Market Capitalisation between \$10 million and \$50 million

Company Name	Current Market Cap. (\$m)	Issue Type	Announcement Date	Number of Shares Issued (m)	Issue Price (\$)	Amount Raised (\$m)	Closing Price 1 Day before Announcement (\$)	1 Week VWAP before Announcement (\$)	Premium / (discount) to Closing price 1 Day before Announcement	Premium / (discount) to 1 week VWAP before Announcement
Gold Road Resources	148.07	Placement	7-Dec-10	26.50	0.3400	9.01	0.3650	0.3752	(6.85%)	(9.38%)
Gold Road Resources	148.07	Placement	7-Oct-11	47.56	0.3200	15.22	0.3900	0.3864	(17.95%)	(17.18%)
Azumah Resources	131.14	Placement	28-May-10	27.90	0.4000	11.16	0.4300	0.4075	(6.98%)	(1.84%)
Azumah Resources	131.14	Placement	19-Oct-10	50.00	0.6000	30.00	0.6100	0.6037	(1.64%)	(0.61%)
Chalice Gold Mines	67.51	Placement	30-Mar-10	20.00	0.3600	7.20	0.3939	0.3923	(8.61%)	(8.23%)
Chalice Gold Mines	67.51	Private Placement	20-May-11	32.00	0.3000	9.60	0.3450	0.3767	(13.04%)	(20.36%)
Millennium Minerals	60.00	Rights Issue	29-Aug-10	1,500.00	0.0170	25.50	0.0228	0.0231	(25.44%)	(26.41%)
Millennium Minerals	60.00	Rights Issue	17-Feb-11	749.92	0.0310	23.25	0.0327	0.0332	(5.20%)	(6.63%)
Carrick Gold	57.28	Placement	14-Jan-10	18.00	1.0000	18.00	1.1500	1.1081	(13.04%)	(9.76%)
Navigator Resources	56.59	Placement	25-Oct-10	25.00	0.2200	5.50	0.1743	0.1678	26.22%	31.11%
Navigator Resources	56.59	Rights Issue	27-Jun-11	1,603.00	0.0200	32.06	0.0437	0.0461	(54.23%)	(56.62%)
Navigator Resources	56.59	Placement	12-Aug-11	602.86	0.0200	12.06	0.0400	0.0365	(50.00%)	(45.21%)
Crescent Gold	44.55	Rights Issue	23-Nov-10	414.00	0.1100	45.54	0.1498	0.1453	(26.57%)	(24.29%)
Crescent Gold	44.55	Placement	30-May-11	16.88	0.0500	0.84	0.0520	0.0523	(3.85%)	(4.40%)
Enterprise Metals	41.61	Placement	22-Oct-10	11.32	0.2000	2.26	0.2300	0.2318	(13.04%)	(13.72%)



Company Name	Current Market Cap. (\$m)	Issue Type	Announcement Date	Number of Shares Issued (m)	Issue Price (\$)	Amount Raised (\$m)	Closing Price 1 Day before Announcement (\$)	1 Week VWAP before Announcement (\$)	Premium / (discount) to Closing price 1 Day before Announcement	Premium / (discount) to 1 week VWAP before Announcement
Enterprise Metals	41.61	Placement	13-Jul-11	15.54	0.2200	3.42	0.1950	0.1989	12.82%	10.61%
Excelsior Gold	31.40	Placement	17-Aug-11	17.24	0.0600	1.03	0.0660	0.0590	(9.09%)	1.69%
Excelsior Gold	31.40	Placement	31-Oct-11	14.02	0.0900	1.26	0.1000	0.1042	(10.00%)	(13.63%)
Cortona Resources	26.49	Placement	7-Oct-10	25.50	0.1700	4.34	0.1950	0.1912	(12.82%)	(11.09%)
Cortona Resources	26.49	Placement	31-Aug-11	25.00	0.1400	3.50	0.1500	0.1541	(6.67%)	(9.15%)
Auzex Resources	25.20	Placement	17-Oct-11	14.30	0.2400	3.40	0.2750	0.2792	(12.73%)	(14.04%)
Auzex Resources	25.20	Rights Issue	17-Oct-11	19.04	0.2400	4.57	0.2750	0.2792	(12.73%)	(14.04%)
Canyon Resources	23.73	Placement	16-Dec-10	8.00	0.3800	3.04	0.4500	0.4444	(15.56%)	(14.49%)
Canyon Resources	23.73	Placement	10-Aug-11	4.00	0.3500	1.40	0.3200	0.3685	9.38%	(5.02%)
Canyon Resources	23.73	Placement	11-Nov-11	6.77	0.4700	3.18	0.5300	0.5458	(11.32%)	(13.89%)
Alchemy Resources	14.13	Placement	24-Mar-10	7.69	0.6500	5.00	0.7300	0.7317	(10.96%)	(11.17%)
Average									(11.53%)	(11.84%)
Median									(11.14%)	(11.13%)

Source: Bloomberg as at 15 November 2011



Appendix E - Technical Expert's Report



Date: 9 December 2011
Report No: R366.2011

Independent Technical Report

AUZEX RESOURCES LIMITED

Independent Technical Valuation of Mineral Assets

By
Paddy Reidy
BSc, MAusIMM

For:

BDO Corporate Finance (QLD) Ltd
Level 18; Queen Street
Brisbane
Queensland 4000

Approved:



Daniel Wholley
Director

9th December 2011
The Directors
BDO Corporate Finance (QLD) Ltd
Level 18, Queen Street
Brisbane
Queensland 4000

Dear Sirs,

Re; Valuation of mineral assets – Auzex Resources Limited

CSA Global Pty Ltd (“CSA”) has been commissioned by BDO Corporate Finance (QLD) Ltd (‘BDO’) to provide an independent technical valuation on the mineral assets of Auzex Resources Limited (‘Auzex’). These mineral assets are comprised of a 50% ownership of the Bullabulling Gold Project near Kalgoorlie in the Eastern Goldfields region of Western Australia. This report is to be included in an Independent Expert’s Report (‘the Report’) by BDO in relation to the proposed merger between Auzex and Bullabulling Gold Limited which will be used to provide an opinion to Auzex shareholders regarding the present value of the assets.

CSA has not been asked to comment on the fairness or reasonableness of any vendor considerations, and we have therefore not offered any opinion on these matters.

CSA has based its valuation of the Auzex mineral assets on information available to the principal author and by investigations of published and unpublished data as well as on information provided by Auzex. CSA has relied upon discussions with Auzex management as well as recent company exploration reports for information contained within this valuation. A site visit has not been made to the mineral asset under consideration.

The Independent Technical Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the “VALMIN Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and the Australian Institute of Geoscientists (AIG).

This Independent Technical Report is complete up to and including 9 December 2011. CSA has provided and not withdrawn written consent for the inclusion of the valuation of the Auzex mineral assets in the Report, and to the inclusion of statements made by CSA and to the references of its name in other sections of the document, in the form and context in which the report and those statements appear.

CSA accepts responsibility for this report for the purposes of an Independent Expert’s Report under the ASX Rules. Having taken all reasonable care to ensure that such is the case, CSA and the authors confirm that, to the best of their knowledge, the information contained in the Independent Technical Report is in accordance with the facts, contains no omission likely to affect its import, and no change has occurred from November 2011 to the date hereof that would require any amendment to the Independent Technical Report.

The primary technical Expert of the report is CSA's associate consultant geologist, Paddy Reidy (B.Sc, 1994) a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"), who graduated from the University of Dublin, Trinity College and has worked for 16 years as a professional geologist with experience in the evaluation and mining of mineral properties within Australia and worldwide. Mr Reidy has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and "Competent Person" under the JORC Code.

Neither CSA nor any of the CSA staff or the author of this Report have or have previously had any material interest in Auzex Resources Limited, Bullabulling Gold Limited, GGG Resources Plc, or the mineral properties which are the subject of this report. CSA, Paddy Reidy and Daniel Wholley are independent of the Company, the Directors, senior management of the Company and its other advisers. The relationship with Auzex is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of those fees is in no way contingent on the results of this Report.

Yours faithfully

CSA Global Pty Ltd

A handwritten signature in black ink, appearing to be 'Daniel Wholley', is written over a horizontal line. The signature is stylized and includes a large loop at the end.

Director

Executive Summary

This Independent Technical Valuation has been prepared at the request of BDO Corporate Finance (QLD) Ltd (“BDO”) on behalf of Auzex Resources Limited (“Auzex”) in relation to the proposed merger between Auzex and Bullabulling Gold Limited. Specifically, this report considers the market value of the Bullabulling Gold Project (“BBGP”) in Western Australia, where Auzex holds 50% ownership in joint venture with GGG Resources Plc (“GGG”) which is the principal mineral asset currently under development by Auzex.

As per an Agreement reached in August 2011 between GGG and Auzex, the respective interests of the joint venture partners in the BBGP shall be combined into a new single corporate entity to be named Bullabulling Gold Limited (“BBG”) through an all share merger which will be Australian domiciled and listed on the Australian Securities Exchange (“ASX”) and on the London Alternative Investment Market (“AIM”). For the purposes of this merger, non-Bullabulling mineral assets currently held by Auzex shall be spun-out to a separate entity prior to the completion of the merger.

Laterite hosted gold mineralisation at the BBGP was the focus of two heap leach operations in the late 1980’s (Central Kalgoorlie Gold Mines N.L.) and again during the period from early to mid-2000 (Jervois Mining Limited). Laterite, saprolite and primary gold mineralisation were the focus of open pit mining by Samantha Gold N.L. (and then Resolute Mining Limited) in the mid 1990’s with gold processed through a conventional carbon in pulp (CIP) facility.

Total historical production for the general Bullabulling area totals 7.78 million tonnes grading 1.31 g/t for 326,489 ounces of gold.

Following the acquisition of the project in January 2010 and the formation of an unincorporated joint venture between Auzex and GGG, the Bullabulling Joint Venture (“BBJV”) has carried out two major drilling programs at the project. The Phase one reverse circulation (“RC”) and diamond drill program totalling 35,000 meters was completed from November 2010-May 2011 and the Phase two RC and Diamond drilling programme totalling 45,000m commenced in mid May 2011 with an expected completion date of December 2011. These programs have been successful in proving the continuity of mineralised structures, with the primary Bullabulling Trend currently defined over a strike length of 6km.

An updated Mineral Resource was estimated by geological consultants, Snowden Group (“Snowden”) in August 2011 and comprises 78.8Mt at 1.03g/t for 2.6Moz Au using a 0.5 g/t lower cut-off (Indicated and Inferred) as per Table 1.

Table 1. Snowden Bullabulling Mineral Resource (August 2011) at 0.5 g/t cut off (Sulway, 2011).

Mineralisation Type	Cut Off (g/t Au)	Class	Tonnes (Mt)	Gold grade g/t	Contained Ounces
Bullabulling Laterite	0.5	Inferred	1.6	0.89	45,700
Bullabulling Fresh	0.5	Indicated	21.3	1.01	691,000
	0.5	Inferred	50.9	1.03	1,683,900
Bullabulling Trend Total			73.8	1.02	2,420,600
Gibraltar	0.5	Inferred	4.5	1.12	161,900
Laterite Dumps	0.5	Indicated	0.5	1.2	20,700
Grand Total			78.8	1.03	2,603,100

**Note1: The Bullabulling Trend resource is quoted for blocks with a grade of greater than 0.5 g/t and the tonnage figures for the fresh mineralisation have been discounted by 7% to allow for the impact of barren pegmatite dykes.*

**Note2: The information in this report that relates to the 2011 Mineral Resource estimate is based on information compiled by Richard Sulway. Richard Sulway is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) CP and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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". Richard Sulway is a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Richard Sulway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Results from this drilling campaign, demonstrates that the BBJV team have a well-understood geological target through the consistent intersection of the mineralised zones as predicted in a majority of areas. The results from BBJV drilling and the historic drilling results have been examined by the Snowden Group which concluded that the historical drilling was valid and was used in the new resource estimate.

Valuation of the Bullabulling Gold Project is based upon the Market Approach Method or Comparable Transaction which looks at prior transactions for the property and recent arm's length transactions for comparable properties.

A previous valuation of the mineral asset was conducted as at 18th May 2011 for the purpose of assisting Auzex shareholders in consideration of a Takeover Offer from GGG Resources Plc. This valuation was conducted by Mining Associates Pty Ltd ("MA"), and included a review in detail of 24 transactions executed between February 2005 and March 2011 in Western Australia involving similar shallow gold mineral resources of the Inferred category and above. The dataset of transactions was reviewed and updated with five transactions removed and two recent and relevant market transactions included.

The implied value of the transactions were compared with respect to the stated or calculated in-situ Mineral Resources (Implied \$ per oz) and also the dollar value per resource oz as a % of the gold price in Australian dollars at the time of the transaction.

The value per oz as a % of the prevailing gold price acts to normalise the transaction value over different time periods with different gold prices and was used as a multiplier for the valuation of the Bullabulling project based upon its stated Mineral Resources.

Project specific factors were reviewed in order to compare the BBGP with the dataset of 21 recent and relevant comparable market transactions as follows –

- Significant scale of the current Mineral Resource estimate of 2.6Moz;
- The high proportion of Mineral Resources in the lowest confidence category of Inferred (1.9Moz);
- Overall grade of Mineral Resources of 1.03g/t; and
- Existing project infrastructure.

Taking these factors into account CSA believes that the value range per resource oz for the BBGP is represented by a range between the first quartile and the median (dollar value per resource oz as a % of the gold price in Australian dollars at the time of the transaction) of comparable transactions reviewed with the preferred value lying at the midpoint of this range.

The first quartile of comparable transactions is 1.13% which equates to a price of \$19.46 per resource oz at the preceding 30 day average gold price of A\$1,722 prior to the date of this valuation. The median is 1.63% equating to a price of A\$28.07 per resource oz. When multiplied by the current Mineral Resource inventory of 2.6Moz, this represents a range from A\$50.7M to A\$73.1M for 100% of the BBGP.

The preferred value for the BBGP lies at the midpoint of the range which is represented by a price of A\$23.76 per resource oz. When multiplied by the Mineral Resource inventory this equates to a valuation of A\$61.9M for 100% of the BBGP.

The value of the Auzex 50% ownership of the BBGP lies in a range from A\$25.3M to A\$36.5M with a Preferred value of A\$30.9M (Table 2).

Table 2. Bullabulling Gold Project Summary Valuation

Project Equity	Low A\$M	Preferred A\$M	High A\$M
Bullabulling Gold Project JV 100%	50.7	61.9	73.1
Bullabulling Gold Project Auzex 50%	25.3	30.9	36.5

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1 Introduction

1.1 Text Scope and Terms of Reference

Auzex Resources Limited (“Auzex”) is a public company listed on the Australian Securities exchange (“ASX”). Auzex has a 50% interest in the Bullabulling Gold Project (“BBGP”).

In August 2011 Auzex and GGG Resources Plc (“GGG”) (ASX: GGB; AIM: GGG) entered into an Agreement to combine their respective interests in the Bullabulling Gold Project (“BBGP”) into a new single corporate entity to be named Bullabulling Gold Limited (“BBG”) through an all share merger which is to be Australian domiciled, and listed on ASX and AIM. Prior to this agreement the two companies had been working together in a Joint Venture (“BBJV”) on the Bullabulling Gold Project.

GGG Resources Plc will go through a UK Scheme of Arrangement whereby Australian-registered BBG will acquire all the share capital of GGG Resources Plc and apply for its shares to be listed on the ASX and AIM markets.

CSA Global Pty Ltd (“CSA”) has been commissioned by BDO Corporate Finance (QLD) Ltd (“BDO”) on behalf of Auzex in relation to the proposed merger between Auzex and Bullabulling Gold Limited. Specifically, this report considers the market value of the Bullabulling Gold Project in Western Australia, and the market value of the Auzex 50% currently owned by Auzex.

Neither CSA, nor the author of this report, has or has had previously, any material interest in BBG or the mineral properties in which BBG has an interest. CSA’s relationship with BBG is solely one of professional association between client and independent consultant.

CSA is an independent geological consultancy. Fees are being charged to Auzex at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. No member or employee of CSA is, or is intended to be, a director, officer or other direct employee of Auzex. No member or employee of CSA has, or has had, any shareholding in Auzex. There is no formal agreement between CSA and Auzex as to CSA providing further work for Auzex.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 9th December 2011 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.2 Compliance with the VALMIN Code

This Valuation has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the “VALMIN Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and the Australian Institute of Geoscientists (AIG). The

author has taken due note of the rules and guidelines issued by such bodies as the ASIC and the ASX, which pertain to Independent Expert Reports.

1.3 Principal Sources of Information

This review is based on the information provided by the current tenement holders, technical reports of consultants and previous explorers, as well as other published (see Bibliography) and unpublished data relevant to the area, including public domain data.

The author has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. Auzex was provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

1.4 Property Location, Access and Infrastructure

The BBGP is located in Western Australia, 25km west of Coolgardie and approximately 65km southwest of Kalgoorlie, a major mining centre in the Eastern Goldfields region (Figure 1).

Access to the project areas is via the sealed Great Eastern Highway (94), which passes through the project area. Unsealed roads provide access to the mining areas.

1.5 Tenure

The mineral properties at the Bullabulling Gold Project comprise a total of 61 tenements covering an area of 13,368 Ha; these comprise 6 granted Mining Leases (MLs) and 38 granted Prospecting Licences (PLs), and seven Miscellaneous Licences (Table 3 and Figure 2). Auzex has a 50% interest in the mineral properties.

CSA has not undertaken assessment regarding tenure or associated legal agreements, including possible existing royalty agreements. This is based on information provided by Auzex and has not been validated in any way.

Table 3. Bullabulling Gold Project Tenement Schedule and Auzex Interest

Licence	Holder	Auzex Interest (%)	Approved	Pending	Total Hectares	Statutory Commitment	Rents
Mining	AUZEX RESOURCES LIMITED & GGG RESOURCES LIMITED	50%	6	-	2,012	\$211,400	\$30,240
Prospecting	AUZEX RESOURCES LIMITED & GGG RESOURCES LIMITED	50%	36	7	5,455	\$182,060	\$12,045
Miscellaneous	AUZEX RESOURCES LIMITED & GGG RESOURCES LIMITED	50%	15	8	439	-	\$5,165
Exploration	AUZEX RESOURCES LIMITED & GGG RESOURCES LIMITED	50%	2	1	5,462	\$35,000	\$2,392
Prospecting	AUZEX RESOURCES LIMITED & GGG RESOURCES LIMITED	50%	2	-	5,462	\$35,000	\$2,392

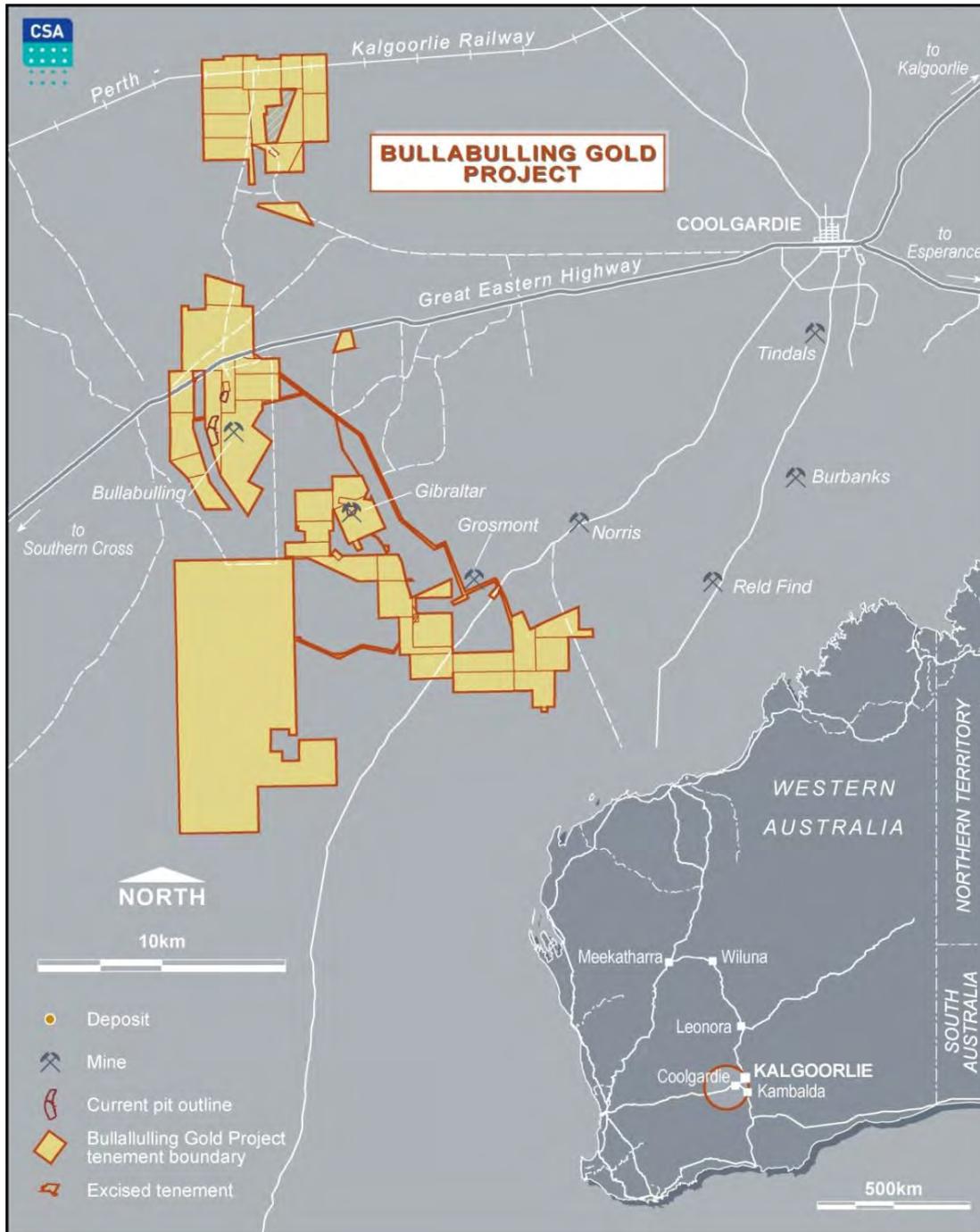


Figure 1. Project Location – Bullabulling Gold Project

2 Geological Setting and Metallogeny

2.1 Regional Setting

The BBGP, lies within the Norseman-Wiluna Archaean Greenstone Belt in the Eastern Goldfields Province (Figure 3). The province is host to some of the largest gold and nickel deposits in Western Australia and has a reasonably consistent stratigraphic sequence comprised of mafic volcanic and intrusive, felsic volcanic and sedimentary rocks separated by deformed and metamorphosed granitoid rocks.

The Eastern Goldfields Province is characterised by a north-northwest orientation of regional shears, folds and stratigraphy which results in a series of elongate greenstone belts separated by granites and disrupted by anastomosing shear zones.

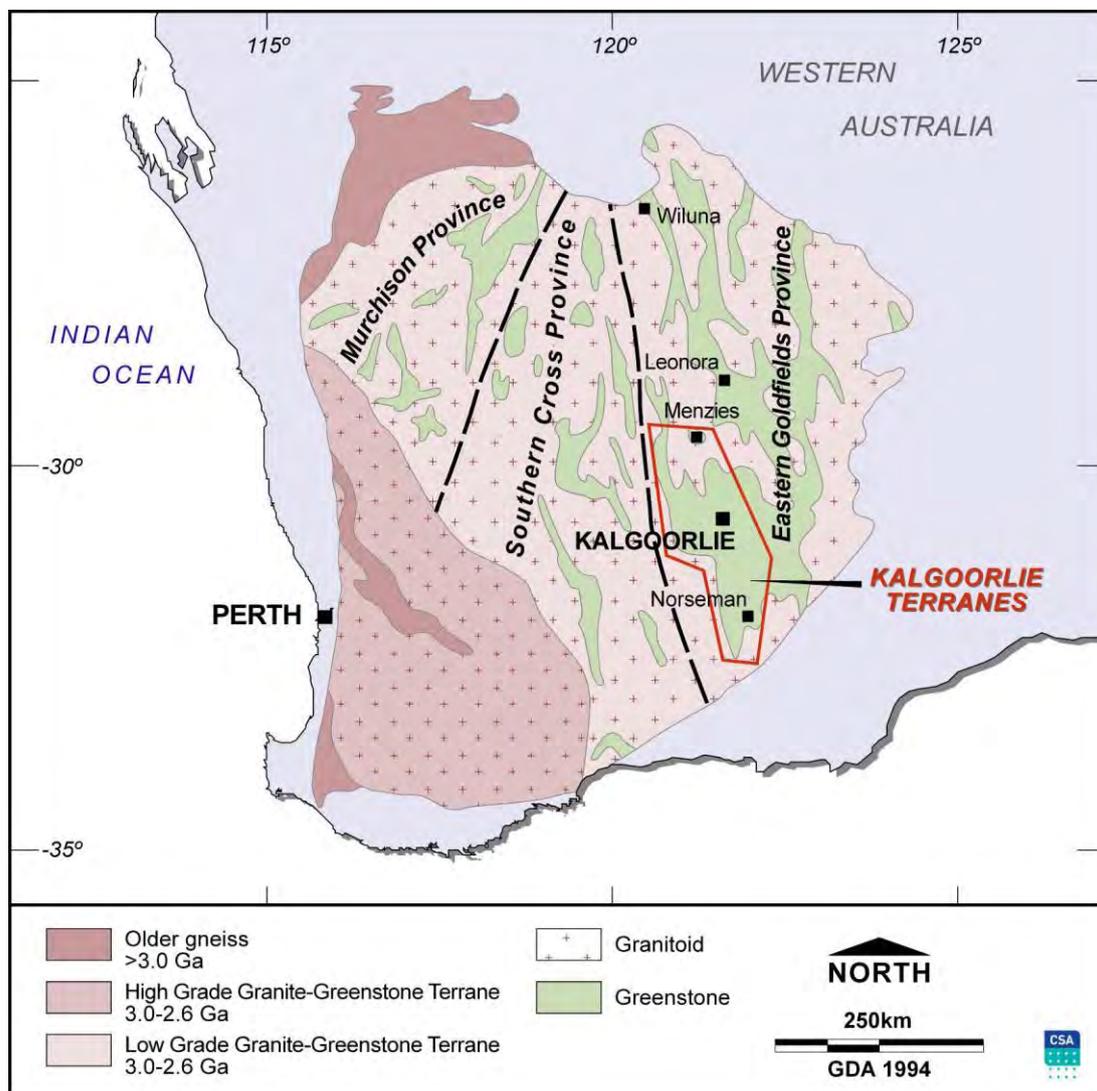


Figure 3. Regional Geology of the Yilgarn Craton (after Swager et al., 1990)

BBG's project area lies in the Kalgoorlie Terrane, a sub-division of the Eastern Goldfields Province which itself has been sub-divided into four major domains: the Coolgardie, Ora Banda, Kambalda and Boorara Domains; and two smaller domains – the Bullabulling and Parker Domains (Swager et al., 1990). These domains are separated by crustal-scale shear zones, which are considered important for focussing gold mineralisation (Figure 4).

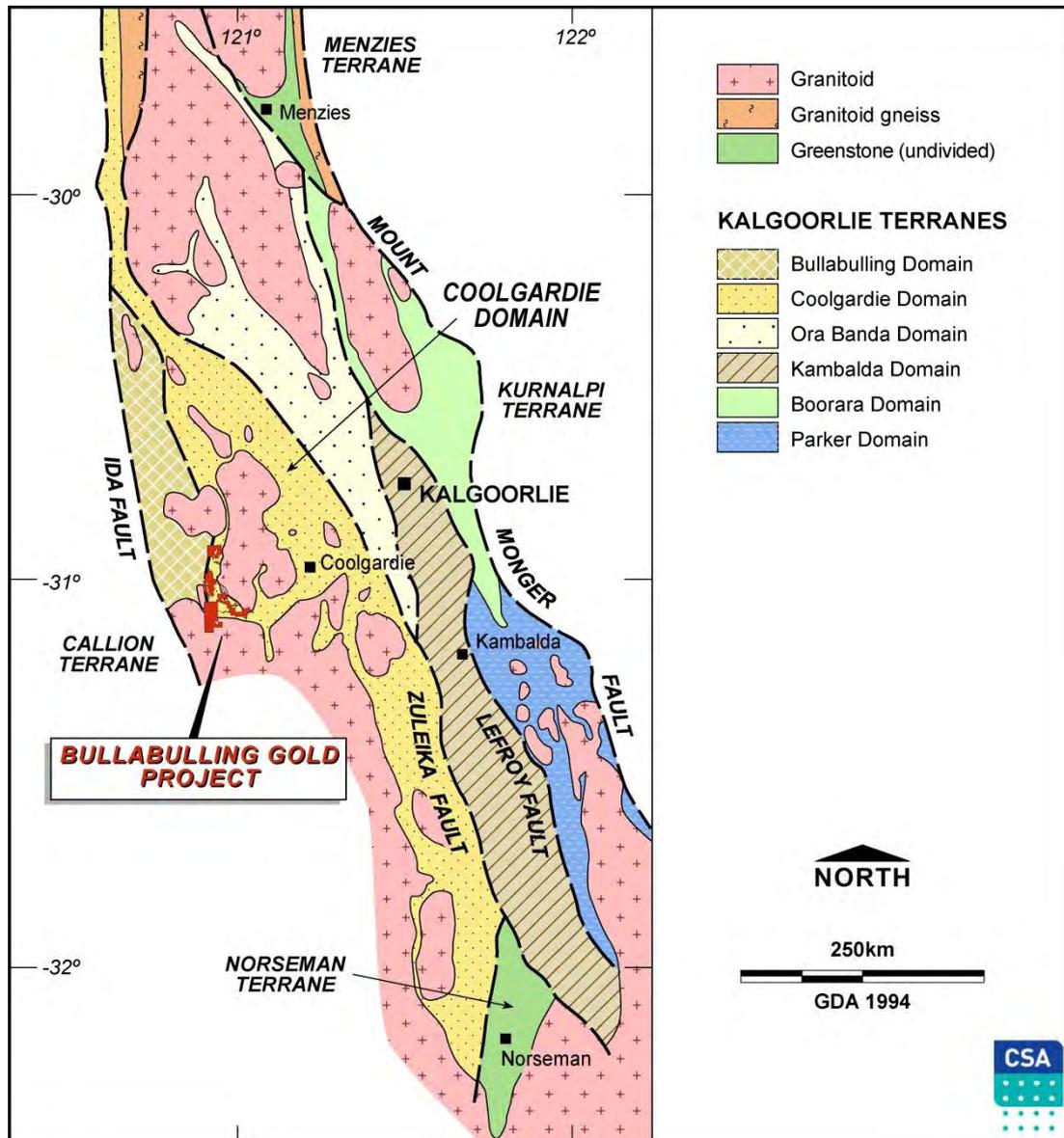


Figure 4. Kalgoorlie Terrane – domains (after Swager et al., 1990)

The BBGP is located along the western edge of the Coolgardie Domain. This area is dominated by a series of granitic intrusives, the Calooli and Bali granites to the east, the Silt Dam granite to the immediate north and the Dunnsville Dome/Doyle Dam granodiorite further to the north. To the south, the Coolgardie Domain is dominated by the Burra Granite that extends eastwards from the Ida Fault.

The stratigraphy of this domain is well documented and has been divided into three meta-sedimentary and meta-volcanic units; a lower basalt unit overlain in turn by a komatiite, an

upper basalt which compared to neighbouring domains is often poorly developed or non-existent, then overlain by felsic volcanic, volcanoclastic and sedimentary rocks. Layered and differentiated mafic sills and felsic intrusives can occur at various levels within the stratigraphic succession.

The adjoining Bullabulling Domain immediately west of the project area is separated from the Coolgardie Domain by the North-South trending Bullabulling Shear. The Bullabulling Domain is poorly exposed, comprising interleaved high-grade felsic schist, meta-sedimentary rock, amphibolites and minor ultramafic.

Some interpretations suggest lithologies in the Bullabulling Domain represent an older section of the stratigraphy that underlies the lower basalt unit, however, this has not been conclusively proven.

The structure of the Coolgardie domain is dominated by greenstone sequences draped over domal granite plutons. The district is bounded by major shear zones to the west (Ida Fault), and to the east (Zuleika shear zone, Kunanalling shear zone). The western margin of the Calooli and Bali granites influences the stratigraphy and structural orientation along the western margin of the Coolgardie Domain, resulting in orientation of the stratigraphy in NW-SE trends in the SW and N-S trends along the western margin of the domain.

2.2 Metallogeny

Gold occurrences within the Archaean granitoid-greenstone terranes are dominantly orogenic, mesothermal, lode-style deposits. Orogenic gold deposits are epigenetic and form as the result of focussed fluid flow during active deformation and metamorphism of volcano-plutonic terranes (Hagemann and Cassidy, 2000).

There is no single model that describes the development of orogenic lode gold systems. They can occur in any host lithology and can develop at varying crustal depths. Variations in these two factors, combined with numerous possible structural settings and orientations, contribute to diversity in the location, style and associated alteration of mesothermal lode gold mineralisation.

However, one dominant characteristic for all orogenic lode gold systems is a strong structural control providing a focus for mineralisation within or adjacent to crustal-scale structures that have been a conduit for deeply sourced gold-enriched hydrothermal fluids.

Significantly endowed gold deposits generally exhibit a prolonged structural episode with more than one pulse of gold-enriched fluid passing through the structurally prepared rocks.

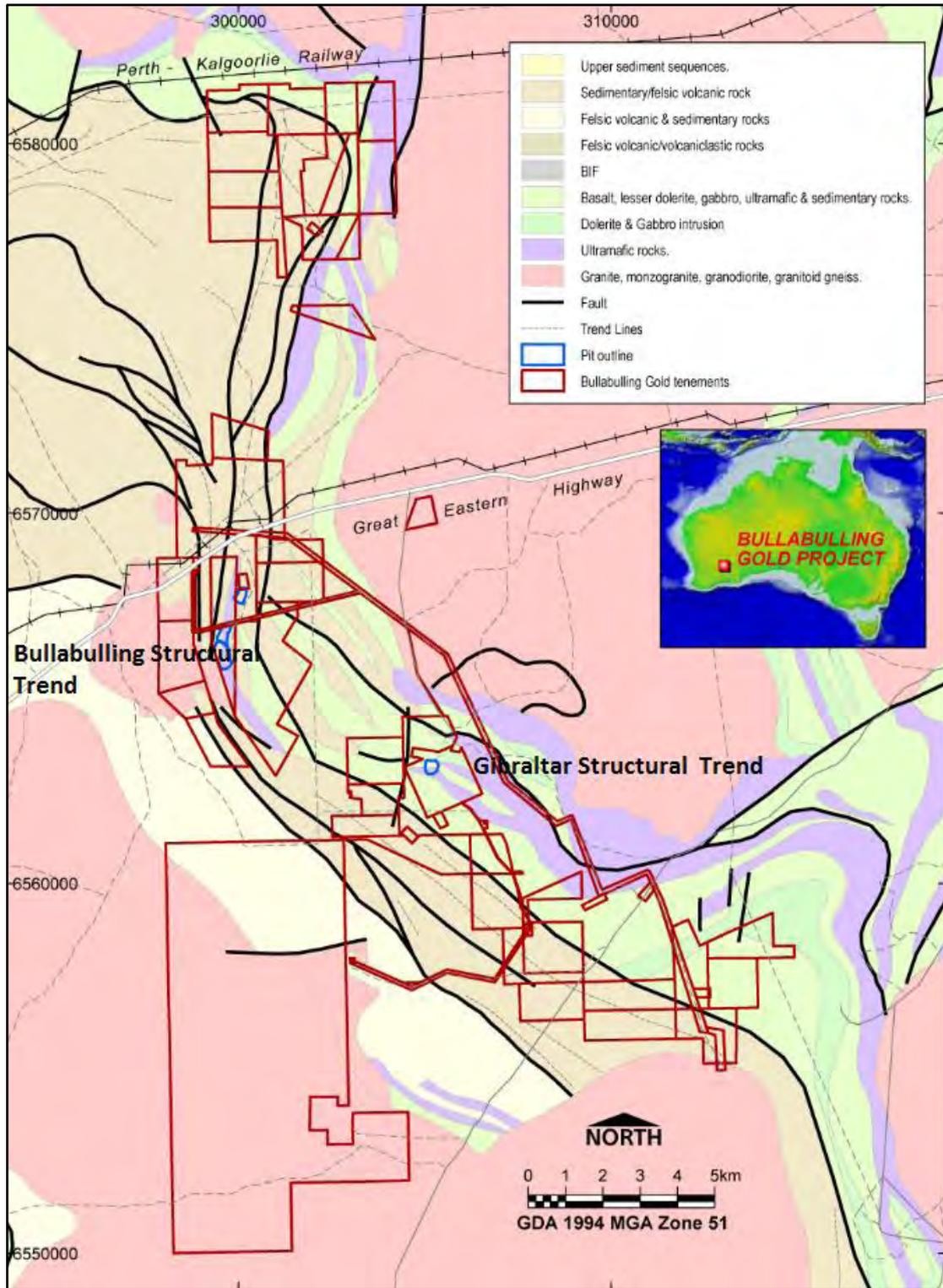


Figure 5. Simplified Geology of the Bullabulling Gold Project area

2.3 Bullabulling Gold Project

2.3.1 Project Geology and Mineralisation

The project area is characterised by a succession of metasedimentary rocks, basalts and ultramafic intrusive, metamorphosed to upper greenschist and amphibolite facies. Throughout the stratigraphic succession several generations of granites have been intruded into the sequence. Late stage pegmatite dyke swarms accompany the most recent granite intrusion.

These pegmatite swarms cross cut the gold mineralisation trends and are barren of gold. Recent drilling across the leases is assisting the BBJV team to construct a pegmatite model along strike and at depth. This model will be used in the project target generation phase and to better define the areas of possible mineralisation in the existing block model.

Three styles of gold mineralisation are evident within the project area, laterite hosted, saprolitic regolith supergene mineralisation and primary gold mineralisation.

The laterite and supergene gold mineralisation are products of weathering of bedrock mineralisation and occur as sub-horizontal tabular zones. The laterite mineralisation occurs at surface or within 2 to 5 metres of surface. The supergene gold mineralisation can occur some distance vertically (up to 40 metres) beneath the laterite mineralisation with a zone of gold depletion between them.

Both these styles of mineralisation were the focus of previous mining activities in the area.

Two mineralised trends have been identified for primary mineralisation, the N-S-striking Bullabulling Trend and the E-W to NW-SE striking Gibraltar Trend (Figure 5). The Bullabulling Trend is described as having the most laterally consistent gold mineralisation and can be traced for over 6km of strike (Figure 6).

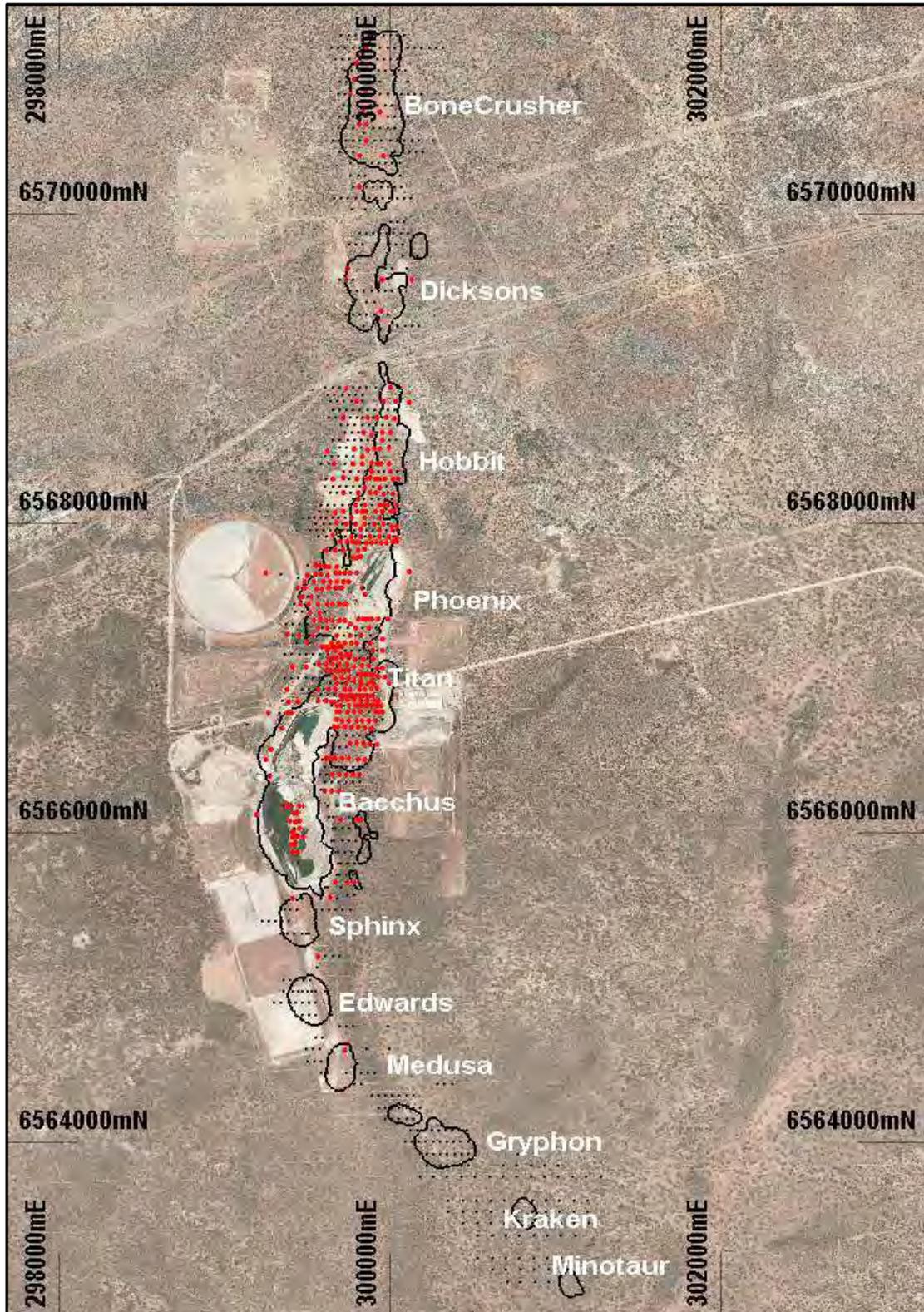


Figure 6. Drill location plan showing potential optimised pit outlines for the various resource target areas along the Bullabulling structural trend.

Ten mineralised occurrences have been recorded within the project area and can be subdivided based on the two recognised trends (Figure 5):

Bullabulling Trend

- Edwards – Laterite
- Eyre – Laterite
- Bacchus – Laterite, Supergene and Primary
- Griffin – Primary
- Phoenix – Laterite, Supergene and Primary
- Hobbit – Supergene
- Bourke-Wills-Phoenix – Laterite, Supergene and Primary (Figure 7)
- Dicksons – Laterite, Supergene and Primary
- Bonecrusher – Laterite and Primary

Gibraltar Trend

- Gibraltar – Primary

Of these 10 occurrences, two of these, Bacchus and Phoenix (Figure 6), provided the bulk of historical production and are the focus of BBG's evaluation proposal.



Figure 7. Bullabulling mining centre looking north along the Bullabulling trend with the Bacchus south, Bacchus North and Phoenix pits

The primary gold mineralisation occurs as series of tabular lenses dipping at approximately 45° to the west, sub parallel to the stratigraphic layering. Recent modelling indicates the most consistent mineralisation occurs in close proximity to metasediment / ultramafic contacts.

The thickness of mineralisation encountered varies considerably ranging from 1 to 30m and grades 0.4 to 67.9g/t Au. The mineralisation zones have been interpreted using 0.5 g/t grade cut off envelopes.

The mineralisation is reported to be associated with increased foliation, quartz veining and a calc-silicate prograde alteration assemblage (diopside, biotite, albite, carbonate and silica). However, sulphide and silica enrichment do not necessarily correlate to high-grade gold mineralisation.

The Bullabulling trend provides a reasonably continuous structural zone of low grade mineralisation within the project . However within that trend high-grade gold mineralisation is relatively discontinuous, particularly within the primary zones. In the event mining commences, close spaced grade control systems will be required to reliably delineate these high grade zones.

The understanding of pegmatite dyke swarms is much improved after the recent drilling programs. The pegmatites have been interpreted as becoming denser in concentration across the northern Hobbit, Dicksons and Bonecrusher project areas, partially replacing zones of potentially favourable host lithologies for gold mineralisation.

2.3.2 Previous Exploration

The Bullabulling Project has been explored for gold since the first discovery in nearby Coolgardie in 1893. Historical gold production in the area was limited, with the Western Australian State Government records stating from 1897, a total of 704 tonnes was mined grading 29.5 g/t Au.

The first systematic exploration of the area commenced in the period 1966 to 1968, through a joint venture between Anaconda and Union Minière who unsuccessfully explored for nickel.

From 1974 through to 1982, Western Mining Corporation explored for gold and nickel in the region. During this time, some 150 RC holes were completed in the Golden Gate area, immediately north of the Phoenix pit. Seven of these holes intersected narrow (2-7 metres) zones of mineralisation with grades ranging from 2 to 6 g/t gold.

In 1985, Valiant Consolidated Ltd (“Valiant”) and Hill Minerals N.L. (subsequently Hillmin Gold Pty Ltd (“Hillmin”)) formed a joint venture to explore for gold in the Bullabulling area. Work during this time included extensive ground magnetic surveying, soil sampling and RAB and RC drilling. The culmination of this work led to the discovery and partial delineation of the Bacchus gold deposit.

Control of the project passed to the Ashton group, firstly through the takeover of Hillmin in 1989 and secondly through the purchase of the Valiant interest in 1991.

Central Kalgoorlie Gold Mines N.L. (“CKGM”) commenced exploration in the Bullabulling area during the same period as the Valiant/Hill Minerals JV. CKGM’s exploration focussed on the delineation and subsequent development of a laterite resource which was processed onsite through heap leaching of the gold bearing laterite material.

In 1993, Samantha (“Samantha”) Gold N.L. (and then Resolute Ltd) purchased the Valiant/Hill Minerals JV and CKGM tenure. After the acquisition, Samantha instigated a programme of systematic soil sampling of previously untested ground, with RAB and RC drilling of selected targets, with the main focus on establishing reserves at the Bacchus and Phoenix deposits.

In 1994, Samantha acquired tenements containing the Gibraltar Gold Mine from the Lyn Martin-John Schulberg Syndicate. The Gibraltar Gold Mine is an open cut mine developed between 1987 and 1988 through a joint venture between Electrum N.L. and Pan Australia Mining Ltd. In December 1988, the open pit was placed on care and maintenance having failed to return a profit and forcing Electrum N.L. into receivership.

Work completed by Resolute between 1993 and 1995 led to the commencement of production at the Bullabulling Project where processing was through a dedicated 1.1 million tonne per year facility located on the project. In September 1997, Resolute ceased operations.

In June 2002, Jervois Mining Limited, in joint venture with two other parties, Global A. (Australia) Inc. and Melron Investments Pty Ltd, acquired the project and recommenced with heap leaching operations. Jervois owned 70%, Global A, 10% and Melron 20%. Global A and

Melron subsequently withdrew from the joint venture. All major mining infrastructure has since been removed.

2.3.3 Recent Exploration

Since formation of the initial BBJV in 2009, work undertaken includes a review of all historical exploration data, structural mapping and interpretation, resource modelling, validation diamond drilling and scoping level mining studies.

A phase one diamond drill program totalling 35,000 meters was completed from November 2010-May 2011. Phase two commenced in Mid May 2011 and shall continue to December 2011.

The recent BBJV drilling programs were designed to:

- test the resource model;
- provide QAQC data through confirmation drilling;
- target known mineralisation over a 2.5 km portion of the Bullabulling Trend;
- provide detailed structural information relating to gold mineralisation;
- capture detailed geological information across the full extent of the Bullabulling Shear Zone; and
- upgrade Inferred Resources to Indicated Resources.

Over 82,667m of drilling in 507 drill holes have been completed since the project was acquired by the BBJV in 2010 (Figure 6 and Figure 8). Results have confirmed the presence of interpreted mineralisation in the 2010 block model and new mineralisation has been reported outside the main interpreted ore wireframes (Figure 8 and Table 4).

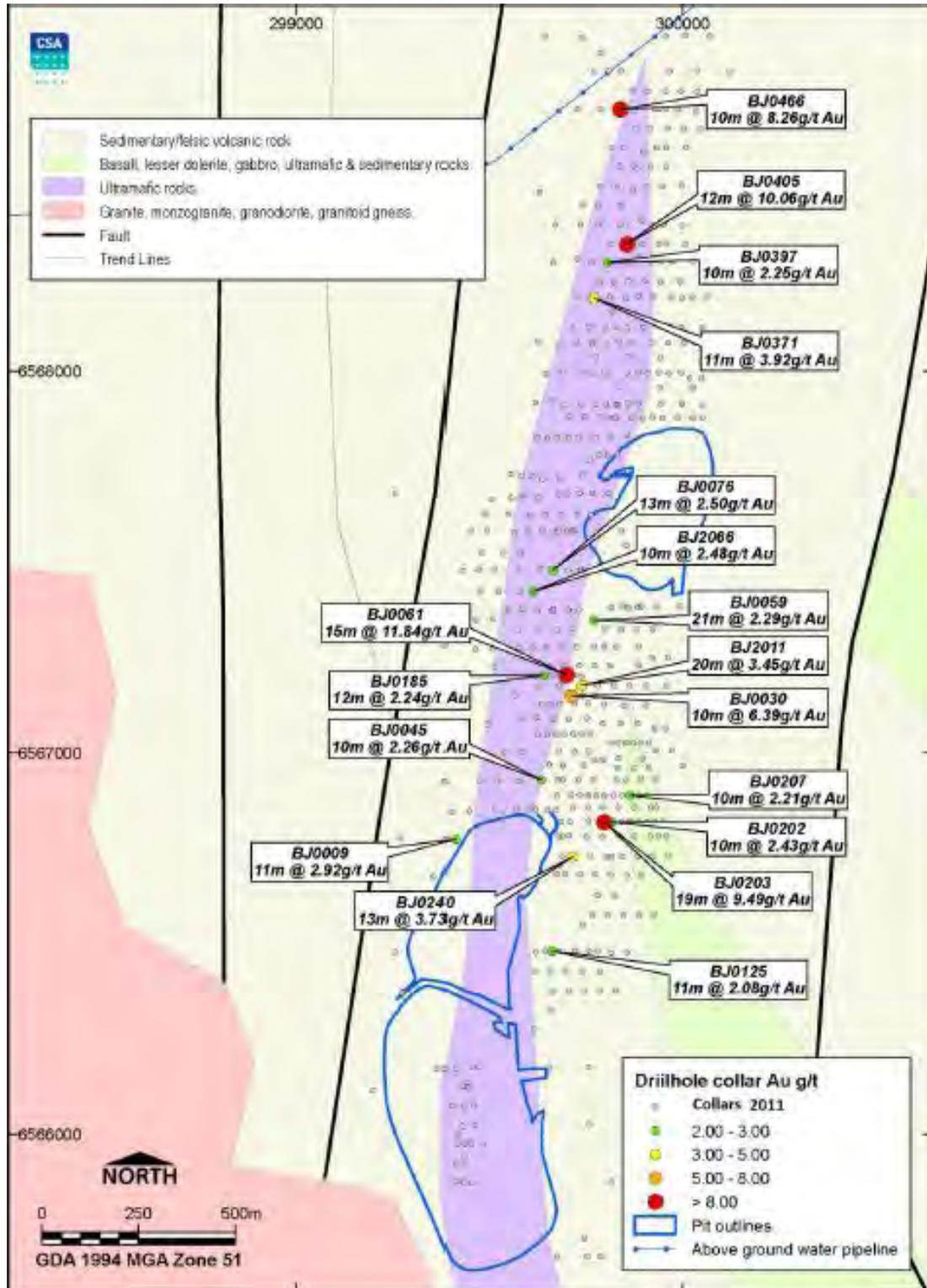


Figure 8. Recent drilling by the BBJV with selected significant intersections.

Table 4. Bullabulling Gold Project - Significant Diamond Drill Results 2011

Hole ID	From (m)	Width (m)	Au (g/t)
BJ0009	79	11	2.92
BJ0030	75	10	6.39
BJ0045	58	10	2.26
BJ0059	121	21	2.29
BJ0061	43	15	11.84
BJ0076	32	13	2.5
BJ0079	62	11	2.08
BJ0121	27	12	2.24
BJ0125	132	10	2.43
BJ0180	36	19	9.49
BJ0202	98	10	2.21
BJ0203	106	13	3.73
BJ0207	78	11	3.92
BJ0240	137	10	2.25
BJ0371	192	12	10.06
BJ0397	159	10	8.26
BJ0405	21	20	3.45
BJ0466	45	10	2.48
BJ2011	37	11	2.67
BJ2066	65	14	2.4

Earlier structural studies indicated that mineralisation not only continued between the historic pits at Bacchus and Phoenix but also down dip, and that the mineralised shear zone was wider than previously interpreted. Additionally, mineralisation was also present in the foot wall and hanging wall of the Bacchus and Phoenix pits respectively. The recently completed diamond-drilling program confirms the potential.

Metallurgical testwork commissioned by Auzex indicates high gold recovery (>93%). Metallurgical analysis by ALS AMMTEC of a selection of samples identified the samples to contain gold highly amenable to gravity gold (45%) and leach recovery rate of 91% over 8 hours. This information is important in the potential viability of the project and has been recommended by ALS AMMTEC to undergo further investigation.

2.3.4 Historical Production

Mining within the Bullabulling Project has been conducted over three separate periods. Two of these mining periods were heap leach operations: CKGM and Gibraltar in the late 1980's and Jervois Mining Ltd in early to mid-2000. The third period of mining was during Resolute's

period of operation in the mid 1990's. In total, 326,489 ounces of gold have been produced from the BBGP from depths less than 80 metres below surface.

Historical production from each of the mining periods is summarised below (Table 5).

Table 5. Bullabulling Gold Project – Historical Production

Prospect	Period	Production			Mining Type
		Tonnes	Grade (g/t)	Gold (Oz)	
Recent Mining Activities (1988 to Present)					
Gibraltar Mine	1988	1,630,000	1.54	80,705	
CKGM Heap Leach	1988 - 1992	2,700,000	1.15	70,000	Near Surface Laterites
Resolute	1995 - 1997	3,450,000	1.48	164,547	
Jervis Various	2002 - 2007	Not detailed		10,569	
Historical Mining Activities (1897 to 1988)					
Various	1897 – 1988	704	29.5	668	Unknown
TOTALS		7,780,704	1.31	326,489	

Note: Production figures are biased by lack of information from the Jervis Mining operation. During this time ore was sourced from the Phoenix deposit and near surface laterite deposits at Eileen, Eyre, Edwards and Dickson South

Resolute, between 1995 and 1997, conducted the only meaningful assessment of bedrock primary mineralisation at the Bacchus deposit. Mining occurred in two separate pits, Bacchus South and Bacchus North. Reconciliation data comparing Ore Reserves with grade control delineated ore highlighted that more tonnes/ounces were mined from the two pits combined than the resource model at the time had predicted. This was a result of increased drill density from grade control drilling and the subsequent increased geological understanding of the continuity and geometry of ore zone envelopes.

3 Mineral Resources

3.1 Mineral Resource Summary

The mineral exploration properties within the BBGP contain several known gold mineralised occurrences. The BBJV commissioned Snowden Group to produce a Mineral Resource estimate for the BBGP based on historical and new drilling data.

A Mineral Resource estimated in accordance with JORC guidelines has been prepared for the BBGP by Mr Richard Sulway of the Snowden Group based in Perth in August 2011 for the Bacchus to Phoenix deposits.

Snowden estimated a total Inferred and Indicated Mineral Resource of 78.8Mt at 1.03 g/t Au using a 0.5 g/t cut off. The Mineral Resources have been estimated to approximately 230m below surface. Details are shown in Table 6.

Snowden examined the relationships between historic and new drilling results. A QQ plot of the historic and new drilling results is shown in Figure 9. The QQ plot indicates the historic drilling results are consistently biased slightly higher relative to the new drilling results by about 10% to 15% on average. It was concluded that the historical drilling results were in an acceptable range for use in the new resource estimate.

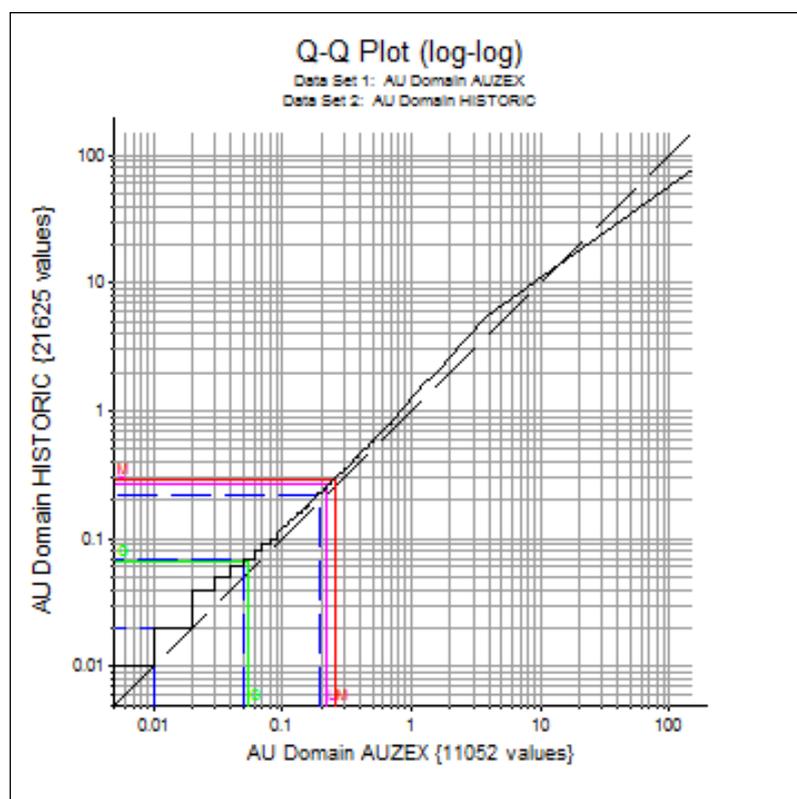


Figure 9. QQ plot of Historic vs new drilling for the Bullabulling project area

The 2011 estimates (Table 6) used the Multiple Indicator Kriging (MIK) estimation technique. The model was constrained to a maximum depth of 230m below surface. The Mineral Resource estimate was discounted by 7% to allow for the impact of barren pegmatite dykes.

Table 6. Snowden Bullabulling Mineral Resource (August 2011) at 0.5 g/t cut off (Sulway, 2011)

Mineralisation Type	Cut Off (g/t Au)	Class	Tonnes (Mt)	Gold grade g/t	Contained Ounces
Bullabulling Laterite	0.5	Inferred	1.6	0.89	45,700
Bullabulling Fresh	0.5	Indicated	21.3	1.01	691,000
	0.5	Inferred	50.9	1.03	1,683,900
Bullabulling Trend Total			73.8	1.02	2,420,600
Gibraltar	0.5	Inferred	4.5	1.12	161,900
Laterite Dumps	0.5	Indicated	0.5	1.2	20,700
Grand Total			78.8	1.03	2,603,100

**Note: The Bullabulling Trend resource is quoted for blocks with a grade of greater than 0.5 g/t and the tonnage figures for the fresh mineralisation have been discounted by 7% to allow for the impact of barren pegmatite dykes.*

The Mineral Resources were estimated in accordance with the guidelines defined by the Joint Ore Reserves Committee in 2004, commonly referred to as the JORC Code (2004). The JORC Code outlines key criteria to consider in Mineral Resource reporting. These include drill density, survey control on drill hole location, knowledge of geology/mineralisation controls (mostly from open pit mining), data quality (incorporating a quality assurance and quality control (“QAQC”) assay program and data management program) and resource estimation processes which include appropriate upper and lower grade cut-offs.

Data collection was undertaken using industry standard protocol and included QAQC procedures. New data where possible, was used to validate and cross-check historical drilling data to ensure its suitability for use in resource estimation. Digital data was filtered to remove data of uncertain location or validity. The BBJV is satisfied that the historical information relating to Mineral Resources was appropriate for use in the Mineral Resource estimation process. Only RC drilling and Diamond drilling were used in the modelling and estimation of Mineral Resources.

The BBJV is currently in the process of reviewing the impact of the Great Eastern Highway and strategic water pipeline projects on Mineral Resources. Upon determination of the material effect of the road and pipeline reserves, the BBJV will publically announce the results. Auzex and the BBJV anticipate that the effect will be minor due to the lower grade gold tenor in these areas, thinner mineralised horizons as a result of increased barren intrusive content and the Mineral Resources being in the Inferred category.

3.2 Production Opportunities

The BBGP is well located within the Eastern Goldfields, being close to well established infrastructure i.e. grid power, water and major arterial roads.

The BBJV conducted preliminary optimisations on the Mineral Resources stated above to ascertain the potential viability of the project. Preliminary optimisations used the following parameters:

- gold price at US\$1,300, US\$1,500 and US\$1,700 /oz;
- 3.5 million tonne, 5 million tonnes, 7.5 million tonne and 10 million tonne per annum processing through a dedicated CIL/CIP plant;
- processing costs sourced from similar style mining operations in the eastern goldfields of WA; and
- mining costs sourced from similar style mining operations.

The most financially robust option was found to be an operation with a 7.5 million tonne per annum processing rate, the results of which have released to the market. The BBJV is progressing the scoping study to a preliminary feasibility study, which will provide more detailed information on mining costs, treatment costs, cut-off grade and the scale of the operation. Existing major regional infrastructure (i.e. highways, water pipelines) access and availability will be incorporated into future planning and project viability studies.

4 Technical Valuation Background

4.1 Valuation Methods

The choice of valuation methodology applied to mineral assets, including an exploration licence, depends on the amount of data available and the reliability of that data.

The Valmin Code which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, classifies mineral assets into categories which represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have a well defined Ore Reserve: -

- “Exploration Areas” - properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified;
- “Advanced Exploration Areas” - properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category;
- “Pre-Development Projects” - properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made;
- “Development Projects” - properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels; and
- “Operating Mines” - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “fair market valuation”. This is described in the VALMIN Code under Definition 34: -

“It is the amount of money (or the cash equivalent of some other consideration) determined by the Expert in accordance with the provisions of the VALMIN Code for which the mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion”

The Fair Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Geoscience Factor; Cost; Market; or Income.

- Geoscience Factor Method seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought;
- Appraised Value Method considers the costs and results of historical exploration and the program and cost of future exploration if warranted;
- Market Approach Method or Comparable Transaction looks at prior transactions for the property and recent arm's length transactions for comparable properties; and
- The Income Approach is relevant to exploration properties on which undeveloped mineral resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting to the present day ('DCF') and determining a Net Present Value ('NPV').

The Income Approach is not appropriate for properties without mineral resources.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

4.2 BBGP Valuation Methodology

The Income Approach, Appraised Value and the Market Approach Methods were reviewed for their suitability to the BBGP.

The Income Approach is not considered appropriate to the BBGP as current financial modelling does not comply with VALMIN guidelines for the use of forecast cash flows.

The Appraised Value Method was also discounted as it fails to adequately assess the scale and scope of historical and recent exploration programs which have generated a current Mineral Resource estimate of 2.6Moz.

The Market Approach was selected as being most relevant to the BBGP and has been used to estimate a range of values, and a preferred valuation for the project.

5 Technical Valuation

5.1 Introduction

Valuation of the Bullabulling Gold Project is based upon the Market Approach Method or Comparable Transaction which looks at prior transactions for the property and recent arm's length transactions for comparable properties.

A previous valuation of the mineral asset was conducted as at 18th May 2011 for the purpose of assisting Auzex shareholders in consideration of a Takeover Offer from GGG Resources Plc. This valuation was conducted by Mining Associates Pty Ltd ("MA"), and included a review in detail of 24 transactions executed between 2005 and 2011 in Western Australia involving similar shallow gold Mineral Resources.

The dataset of transactions was reviewed and 4 transactions were removed as they did not contain Mineral Resources estimated in accordance with JORC guidelines at the time of the transaction. Another transaction was removed as it did not represent an "arms length" transaction as per VALMIN, and one transaction was updated with costs and Mineral Resources at the time of the transaction. Two additional recent and relevant market transactions were also included.

The implied value of the transactions were compared with respect to the stated or calculated in-situ Mineral Resources and also the value per Resource oz as a % of the gold price in Australian dollars at the time of the transaction. The transactions are listed in Table 7.

Table 7. BBGP - Summary of Comparable Transactions Implied Price A\$ per ounce, and Implied % of Gold Price (values in A\$ at the time of transaction)

	Date	Project Transaction	Total value A\$M	In-situ Gold Resources	Implied price \$/oz	Gold Price A\$	\$/oz as % of Au price
1	Oct-11	Laverton Gold Project	77.78	2,088,649	37.24	1,450	2.57%
3	Mar-11	Blue Funnel Pit	1.16	38,000	30.53	1,400	2.18%
4	Jan-11	Meekatharra Gold Project	30.80	2,444,008	12.60	1,400	0.90%
2	Dec-10	North Monger Project	3.00	80,300	37.36	1,440	2.59%
5	Jan-10	BBGP (100%)	6.00	431,700	13.90	1,230	1.13%
6	Jul-09	Kalgoorlie North Project	9.95	266,208	37.38	1,164	3.21%
7	Apr-09	Bronzewing Gold Project	16.00	879,965	18.18	1,245	1.46%
8	May-08	Durack Project	0.59	42,632	13.84	935	1.48%
9	May-08	Three Rivers Project	2.00	131,175	15.25	935	1.63%
10	May-08	Celtic, Redcastle, Euro Projects	2.18	228,069	9.56	937	1.02%
11	Apr-08	Minjar Project	11.00	407,221	27.01	979	2.76%
12	Mar-08	Comet Kurrajong Projects	1.43	207,887	6.85	1,050	0.65%
13	Mar-08	Coolgardie Project	60.00	1,646,496	36.44	1,047	3.48%
14	Jan-08	Mt Korong Project	2.50	92,354	27.07	1,010	2.68%
15	Oct-07	Burnakura Project	7.61	395,097	19.26	741	2.60%
16	Aug-07	Tuckabianna Project	1.20	209,108	5.74	797	0.72%
17	Aug-07	Riverina Project	4.50	196,698	22.88	789	2.90%
18	May-07	Youanmi Project	10.00	953,060	10.49	766	1.37%
19	Feb-06	Meekatharra Gold Project	18.00	1,600,000	11.25	765	1.47%
20	Mar-06	Menzies Project	1.05	171,910	6.11	763	0.80%
21	Feb-05	Coolgardie Project	20.00	1,396,545	14.32	542	2.64%

Mineral Resource categories for the projects under consideration range from Inferred to Measured, and infrastructure at the projects range from those with none through to operational gold processing facilities and active mining operations.

It is clear that project attributes such as grade, infrastructure, resource category and proximity to other Mineral Resources will influence transaction values and these specific attributes have been reviewed in the dataset of 21 comparable transactions.

The implied value of the transactions were compared with respect to the stated or calculated in-situ Mineral Resources (Implied \$ per oz) and also the dollar value per resource oz as a % of the gold price in Australian dollars at the time of the transaction.

The value per oz as a % of the prevailing gold price acts to normalise the transaction value over different time periods with different gold prices. This percentage was used as the basis for comparing comparable transactions and the calculation of a dollar value per resource oz. This value per oz was used for the valuation of the Bullabulling project based upon its currently stated Mineral Resources.

The gold price per oz as a % of the gold price for all transactions reviewed ranges from 0.65% to 3.48% (Table 8). The first quartile figure is 1.13% which equates to a price of \$19.46 per Resource oz at the preceding 30 day average gold price of A\$1,722 prior to the date of this valuation. The third quartile figure is 2.64% which equates to a price of A\$45.46 per Resource oz and the median is 1.63% equating to a price of A\$28.07 per Resource oz.

Table 8. Gold price per oz as a % of the gold price for all transactions and corresponding value per resource oz

	% of Au price	Au price A\$/oz	A\$/oz
Min	0.65%	1722	11.19
Q1	1.13%	1722	19.46
Median	1.63%	1722	28.07
Q3	2.64%	1722	45.46
Max	3.48%	1722	59.93

5.2 Preferred Value of BBGP

CSA considers that there are a number of key characteristics of the BBGP which should be taken into account when valuing the asset as follows:

5.2.1 Global grade of the Mineral Resource estimate

The current Mineral Resources estimate of 78.8Mt at 1.03 g/t at a 0.5g/t Au lower cut off has been used as the basis for a Scoping Study on the project and based upon the results, the company anticipates progressing to a Preliminary Feasibility study commencing in 2012. The results of the Scoping Study are not able to be publically circulated due to the large proportion of Inferred Resources used in the study, however it is noted that the Bullabulling resource has the potential to form a significant mining inventory, with a large low grade component. Higher grade zones of mineralisation are present within the overall Mineral Resource, however their geometry and location prevent them from being targeted for priority exploitation in a mining strategy. Geological interpretation of these higher grade zones indicate that they are narrow and spread through the main zone of lower-grade gold mineralisation, and not sufficiently clustered to support a grade focussed approach to mining.

The profitability of the Bullabulling Project is therefore very sensitive to ore grade and gold price, and this should be taken into consideration when selecting a preferred valuation based upon comparable market transactions.

5.2.2 Existing infrastructure

When considering the range of comparable transactions, the five largest Mineral Resources incorporated a gold processing plant as a part of the transaction –

- Coolgardie Project 1.4Moz and 1.6Moz – Three Mile Hill plant 1.3Mtpa;
- Meekatharra Gold Project 1.6Moz and 2.4Moz – Bluebird plant 3Mtpa;
- Laverton Gold Project 2.1Moz – Barnicoat mill 1.5Mtpa;
- Youanmi Gold Project 1.0Moz – Youamni plant 0.6Mtpa; and
- Bronzewing Gold Project 0.9Moz – Bronzewing plant 2.0Mtpa.

The plants listed above vary from those which were effectively operational at the time of the transaction having been maintained in good mechanical condition with a proper shutdown and effective care and maintenance (Bluebird and Bronzewing plants), to those which require significant repair. While these plants have significant replacement costs, their value can be significantly discounted as part of a sale and purchase agreement, however they do generally carry a value component when included as part of a mineral asset transaction. Despite historical mining and processing at the BBGP, no infrastructure is currently located at the site.

5.2.3 Valuation of Bullabulling Gold Project

Project specific factors which should be considered when comparing the BBGP with recent and relevant comparable market transactions are as follows: –

- Significant scale of the current Mineral Resource estimate of 2.6Moz;
- The high proportion of Mineral Resources in the lowest confidence category of Inferred (1.9Moz);
- Overall grade of Mineral Resources of 1.03g/t; and
- Existing project infrastructure.

Taking these factors into account CSA believes that the relevant value range per resource oz for the BBGP is represented by a range between the first quartile and the median of comparable transactions reviewed with the preferred value lying at the midpoint of this range.

The first quartile of comparable transactions is 1.13% which equates to a price of \$19.46 per resource oz at the preceding 30 day average gold price of A\$1,722 prior to the date of this valuation. The median is 1.63% equating to a price of A\$28.07 per resource oz. When multiplied by the current mineral resource inventory of 2.6Moz, this represents a range from A\$50.7M to A\$73.1M for 100% of the BBGP.

The preferred value for the BBGP lies at the midpoint of the range which is represented by a price of A\$23.76 per resource oz. When multiplied by the mineral resource inventory this equates to a valuation of A\$61.9M for 100% of the BBGP.

The value of the Auzex 50% ownership of the BBGP lies in a range from A\$25.3M to A\$36.5M with a preferred value of A\$30.9M (Table 9).

Table 9. Bullabulling Gold Project Summary Valuation

Project Equity	Low A\$M	Preferred A\$M	High A\$M
Bullabulling Gold Project JV 100%	50.7	61.9	73.1
Bullabulling Gold Project Auzex 50%	25.3	30.9	36.5

Signed by:

A handwritten signature in black ink, appearing to read 'P. Reidy', is shown on a light blue background.

Paddy Reidy

BSc, MAusIMM

Date: 9th December 2011

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Glossary

amphibolite:	A metamorphic crystalline rock consisting mainly of amphiboles and some plagioclase.
amphibolite facies:	The set of metamorphic mineral assemblages (facies) which is typical of regional metamorphism between 450-700°C.
Archaean:	Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago.
basalt:	A dark, fine-grained volcanic rock of low silica (<55%) and plagioclase feldspar and pyroxene.
biotite:	A type of black mica
breccia:	A rock made up of mainly angular fragments.
carbonate:	A sediment formed from the organic or inorganic precipitation from aqueous solution of carbonates of calcium, magnesium, or iron; e.g., limestone and dolomite.
chalcopyrite:	A bright brass-yellow copper-iron sulphide: $CuFeS_2$.
chlorite:	Family of tetrahedral sheet silicates of iron, magnesium, and aluminum, characteristic of low-grade metamorphism.
craton:	Large, and usually ancient, stable mass of the Earth's crust.
Cretaceous:	Final period of the Mesozoic era, 135-65 million years ago.
diamond drilling:	A method of obtaining a cylindrical core of rock by drilling with a diamond-set or diamond impregnated bit.
dolerite:	A fine to medium grained intrusive mafic rock
dyke:	Thin, sheet-like intrusion of magmatic (igneous) rock.
electromagnetic (EM) survey:	A geophysical survey technique where potential fields are measured under the influence of an applied current.

en echelon:	Geologic features that are in an overlapping or staggered arrangement,
epigenetic:	A hydrothermal event imposed upon rocks (usually by the hydrothermal phase of felsic intrusions).
facies:	Changes in composition, mineral associations or crystallisation sequence brought about by different depositional environments, increasing distance from source, or differing physical and chemical parameters.
felsic:	Light coloured rocks containing an abundance of feldspars and quartz.
ferruginous:	Containing iron.
foliation:	The banding or lamination of metamorphic rocks as distinguished from stratification in sedimentary rocks.
gabbro:	A coarse-grained mafic intrusive rock, which is low in silica and has relatively high levels of iron and magnesium minerals.
GIS:	Acronym for Geographical Information Systems.
granite:	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas
greenstones:	Compact dark green altered or metamorphosed basic igneous rocks that owe their colour to the presence of green minerals,
greenstone belt:	Term applied to elongate or belt-like areas within Precambrian shields that are characterised by abundant greenstones
hydrothermal:	Hot water associated with thermal springs or felsic intrusive rocks.
igneous:	Rocks that have solidified from a magma.
JORC:	The Joint Ore Reserves Committee (Australia). The JORC Code for the classification and reporting of mineral resources and ore reserves has now become an internationally accepted standard.
laterite:	Red residual soil developed in humid, tropical, and subtropical regions of good drainage.
Ma:	An abbreviation for 'million years ago'.

mafic:	Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.
magnetite:	A naturally occurring magnetic oxide of iron (Fe_3O_4)
mantle:	The zone between the core and crust of the earth
metallogenic:	Association of metal ores that is peculiar to a particular region, or period of time.
meta-:	A prefix meaning 'metamorphosed'.
mylonite:	A compact, chert like rock without cleavage, produced by the extreme granulation and shearing of rocks
olivine:	An olive green magnesium-iron silicate $(\text{Mg,Fe})_2\text{SiO}_4$, common in mafic and ultramafic igneous rocks.
orogeny:	Process by which mountain structures develop.
pegmatite:	An exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dykes, lenses or veins.
percussion drilling (RC):	Drilling method employing a repeated hammering action on a drill bit, also known as Reverse Circulation (RC) drilling.
peridotite:	A general term for ultramafic igneous rocks dominantly consisting of dominant olivine, subordinate clinopyroxene, and lacking feldspar.
pluton:	A body of igneous rock formed beneath earth surface by consolidation from magma.
porphyry:	An igneous rock of any composition that contains conspicuous phenocrysts (coarse crystals) in a fine-grained groundmass.
Precambrian:	All geologic time, and its corresponding rocks, before the beginning of the Palaeozoic (from 570 Ma back).
Proterozoic:	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyrite:	A very common iron sulphide mineral FeS_2 .
pyrrhotite:	A magnetic iron sulphide mineral (complex structure, summary Fe_7S_8 formula)

schist:	A micaceous crystalline metamorphic rock having a foliated structure
sericite:	A white or pale apple green potassium mica,
shear:	Deformation resulting from stresses that cause contiguous parts of a body to slide relative to each other in a direction parallel to their plane of contact.
stratigraphic:	The arrangement of strata.
strike:	The direction or trend taken by a structural surface.
stockwork:	A mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.
sulphide minerals:	Mineralisation characterised by compounds of metals and sulphur.
supergene:	Oxidation, electrolytic and solution effects brought about by low temperature, ground-water activity.
syncline:	A configuration of folded, stratified rocks in which rocks dip downward from opposite directions to come together in a trough.
synform:	A fold whose limbs close downward in strata for which the stratigraphic sequence is unknown.
tectonised:	Rocks that have been deformed by movement of the crust
thrust:	An overriding movement of one crustal unit over another.
ultramafic:	Igneous rock in which more than 90% of the minerals are ferromagnesian minerals.

Appendix 2



AUZEX RESOURCES LIMITED SCHEME OF ARRANGEMENT

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Scheme of Arrangement

Pursuant to section 411 of the Corporations Act 2001 (Cth)

Parties

- Between:** **Auzex Resources Limited ABN 74 106 444 606** of C/- Thomsons Lawyers, Level 16 Waterfront Place, 1 Eagle Street, Brisbane Queensland 4000 Australia (**Auzex**)
- And:** **Each person registered as a holder of Scheme Shares as at the Record Date**

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In the Scheme the following definitions apply unless the context requires otherwise:

AIM	the AIM market of the London Stock Exchange
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
Auzex	Auzex Resources Limited ACN 106 444 606
Auzex Board	the board of directors of Auzex
Auzex Option	an option to subscribe for an Auzex Share
Auzex Share	a fully paid ordinary share issued in the capital of Auzex
Auzex Shareholder	a registered holder of an Auzex Share
Auzex Share Register	the register of members of Auzex maintained by or on behalf of Auzex in accordance with the Corporations Act
BBG	Bullabulling Gold Limited ACN 153 234 532
BBG Share	a fully paid ordinary share issued in the capital of BBG
BBG Share Register	the register of members of BBG maintained by or on behalf of BBG in accordance with the Corporations Act
Booklet	the information memorandum in respect of the Scheme approved by the Court under section 411(1) of the Corporations Act for distribution to Auzex Shareholders containing, among other things, the explanatory statement required by Part 5.1 of the Corporations Act relating to the Scheme and a notice convening the Scheme Meeting and other information (including any supplementary information) relating to any or all of the above matters and distributed to Auzex Shareholders
Business Day	a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made
Cash Proceeds	the meaning given to that term in clause 6.9(b)(ii)

Cash Balancing Subscription and Placement	the subscription by GGG for a placement of Auzex Shares pursuant to clause 9.3 of the Merger Implementation Agreement.
CHES	the clearing house electronic sub-register system operated by ASX Settlement Pty Ltd ACN 008 504 532
Corporations Act	the Corporations Act 2001 (Cth)
Court	the Supreme Court of Queensland
Effective	in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act of the order of the Court made under sections 411(4)(b) (and if applicable, section 411(6)) in relation to the Scheme
Effective Date	the date on which the Scheme becomes Effective
Excluded Shares	any Auzex Shares held by, or by any person on behalf of or for the benefit of, BBG or GGG or any of their Related Bodies Corporate
GGG	GGG Resources plc, a public company incorporated in England and Wales with registered number Registered Number 5277251
GGG Scheme	the UK scheme of arrangement, as approved by GGG shareholders on 9 January 2012, pursuant to which GGG will become a wholly owned subsidiary of BBG
Implementation Date	the second Business Day after the Record Date, or such other date as Auzex and BBG may agree in writing
Ineligible Foreign Shareholder	each Scheme Shareholder whose address as shown in the Auzex Share Register at 5:00pm on the Record Date is a place outside Australia and its external territories, New Zealand, the United States or the United Kingdom unless BBG is satisfied, acting reasonably, that the laws of the particular foreign holder's country of residence (as shown in the Auzex Share Register) permit the issue and allotment of BBG Shares to the Ineligible Foreign Shareholder either unconditionally or after compliance with conditions which BBG reasonably regards as acceptable and not unduly onerous
Listing Rules	the official listing rules of ASX, as amended from time to time
Merger Implementation Agreement	the Merger Implementation Agreement dated 17 September 2011 between Auzex and GGG, as amended by a deed of variation dated 9 February 2012
Record Date	6:00pm on the fifth Business day after the Effective Date
Registered Address	in relation to an Auzex Shareholder, the address shown in the Auzex Share Register
Related Bodies Corporate	the meaning given to it in the Corporations Act
Sale Agent	a person nominated by BBG to sell the BBG Shares referable to the Ineligible Foreign Shareholders under the terms of the Scheme
Scheme	this scheme of arrangement between Auzex and the Scheme Shareholders set out in this document together with any amendment or modification made pursuant to section 411(6) of the Corporations Act

Scheme Consideration	in respect of each Scheme Shareholder, the number of BBG Shares to be issued to the Scheme Shareholder by BBG as consideration for the transfer to BBG of their Scheme Shares under the Scheme, ascertained in accordance with clause 6.1 of this Scheme
Scheme Deed Poll	the deed poll dated [] February 2012 executed by BBG in favour of Scheme Shareholders (subject to any amendments permitted by its terms)
Scheme Meeting	the meeting of Scheme Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act pursuant to the Scheme
Scheme Share	an Auzex Share on issue at the Record Date other than the Excluded Shares
Scheme Shareholder	each person entered on the Auzex Share Register at the Record Date as the holder of a Scheme Share on the Record Date
Second Court Date	the first day on which the application made to the Court for an order approving the Scheme pursuant to section 411(4)(b) of the Corporations Act is heard, or if the application is adjourned for any reason, the first day on which the adjourned application is heard
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme
Sunset Date	30 April 2012, or such later date as Auzex and GGG agree in writing

1.2 Interpretation

In the Scheme, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture, a partnership, a trust and any government agency;
- (e) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to this Scheme, and a reference to this Scheme includes any annexure and schedule;
- (f) a reference to a statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations ordinances or by laws amending, consolidating or replacing it, whether passed by the same or another government agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) a reference to any document (including this Scheme) is to that document as varied, novated, ratified or replaced from time to time;
- (h) the word “includes” in any form is not a word of limitation;
- (i) a reference to “\$” or “dollar” is to Australian currency;

- (j) a reference to any time is a reference to that time in Brisbane, Australia; and
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme.

1.3 Headings

Headings do not affect the interpretation of the Scheme.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. PRELIMINARY

2.1 Auzex

- (a) Auzex is a public company:
 - (i) incorporated in Australia and registered in Queensland; and
 - (ii) limited by shares.
- (b) Auzex is admitted to the official list of ASX.
- (c) As at [17] February 2012, Auzex had on issue:
 - (i) [140,468,565] Auzex Shares which are officially quoted on ASX; and
 - (ii) [2,369,904] Auzex Options not quoted on any stock exchange.

2.2 BBG

- (a) BBG is a public company:
 - (i) incorporated in Australia and registered in Western Australia; and
 - (ii) limited by shares.
- (b) As at [17] February 2012, BBG had on issue three (3) BBG Shares. Upon the GGG Scheme being implemented in accordance with its terms BBG will have on issue:
 - (i) [170,680,298] BBG Shares which are officially quoted on ASX;
 - (ii) [11,980,000] BBG Options.

2.3 GGG

GGG is a public company incorporated in England and Wales with registered number 05277251 which will become a wholly-owned subsidiary of BBG upon the GGG Scheme being implemented in accordance with its terms.

2.4 Merger Implementation Agreement

Auzex and GGG have entered into the Merger Implementation Agreement pursuant to which, among other things:

- (a) Auzex has agreed to propose the Scheme to the Scheme Shareholders; and
- (b) each of Auzex and GGG has agreed to take all steps required to be taken by them to give effect to the Scheme.

2.5 Scheme becoming Effective

If the Scheme becomes Effective, then:

- (a) all of the Scheme Shares will be transferred to BBG and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the provisions of the Scheme; and
- (b) Auzex will enter the name and address of BBG in the Auzex Share Register as the holder of all of the Scheme Shares.

2.6 Scheme Deed Poll

BBG has entered into the Scheme Deed Poll in favour of the Scheme Shareholders pursuant to which it has, among other things, covenanted to:

- (a) issue BBG Shares to Scheme Shareholders in accordance with the provisions of the Scheme; and
- (b) comply with and be bound by all provisions of the Scheme,

subject to the Scheme becoming binding on the Scheme Shareholders in accordance with sections 411(4), 411(6) (if applicable) and 411(10) of the Corporations Act.

3. CONDITIONS PRECEDENT TO THE SCHEME

3.1 Conditions precedent

The Scheme is conditional upon, and will have no force or effect until, the satisfaction in accordance with clause 3.2 of each of the following conditions precedent:

- (a) as at 8.00 am on the Second Court Date each of the conditions set out in clause 7.1 of the Merger Implementation Agreement have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement, other than:
 - (i) the condition relating to the approval of the Court set out in clause 7.1(d) of the Merger Implementation Agreement;
 - (ii) the condition relating to the Scheme becoming Effective by the Sunset Date set out in clause 7.1(h) of the Merger Implementation Agreement; and
 - (iii) the condition relating to the Cash Balancing Subscription and Placent set out in clause 7.1(k) of the Merger Implementation Agreement;
- (b) the Scheme has been approved at the Scheme Meeting by the requisite majority of Auzex Shareholders in accordance with section 411(4)(a) of the Corporations Act;
- (c) the Court has approved the Scheme under section 411(4)(b) of the Corporations Act with or without modification;

- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to BBG and Auzex have been satisfied;
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme; and
- (f) after the Effective Date and before the Record Date, the Cash Balancing Subscription and Placement is completed in accordance with the provisions of the Merger Implementation Agreement.

3.2 Certificate

- (a) At or before the Second Court Hearing, Auzex, BBG and GGG will each provide to the Court a certificate (or such other evidence as the Court may request) confirming whether or not all of the conditions set out in clause 7.1 of the Merger Implementation Agreement (other than clause 7.1(d) (Court orders), clause 7.1(h) (Scheme is Effective) and clause 7.1(k) (Cash Balancing Subscription and Placement) of the Merger Implementation Agreement) have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement.
- (b) The certificates given under clause 3.2(a) constitute conclusive evidence that the conditions set out in clause 7.1 of the Merger Implementation Agreement (other than clause 7.1(d) (Court orders), clause 7.1(h) (Scheme is Effective) and clause 7.1(k) (Cash Balancing Subscription and Placement) of the Merger Implementation Agreement) have been satisfied or waived (as the case may be).

3.3 Termination of Merger Implementation Agreement

Without limiting rights under the Merger Implementation Agreement, if the Merger Implementation Agreement is terminated in accordance with its terms before 8.00am on the Second Court Date, Auzex, GGG and BBG are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

4. SHARE SCHEME

4.1 Effective Date

Subject to clause 4.2, the Scheme takes effect for all purposes on the Effective Date.

4.2 Sunset Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the Sunset Date.

5. IMPLEMENTATION OF THE SCHEME

5.1 Lodgement of Court order

On or before 5:00pm on the first Business Day after approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, Auzex must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving the Scheme.

5.2 Transfer of Scheme Shares

On the Implementation Date, in consideration for and subject to the provision of the Scheme Consideration in the manner contemplated by clause 6 and BBG having provided Auzex with written confirmation thereof, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares, be transferred to BBG without the need for any further act by any Scheme Shareholder (other than acts performed by Auzex or its directors as attorney or agent for Scheme Shareholders under the Scheme), by Auzex effecting a valid transfer or transfers of the Scheme Shares to BBG under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Auzex delivering to BBG a duly completed and executed share transfer form or forms to transfer all of the Scheme Shares to BBG (executed by Auzex as the attorney and agent of each Scheme Shareholder under clause 8.1) (which may be a master transfer of all or part of the Scheme Shares);
- (b) BBG duly executing such share transfer form or forms and delivering it or them to Auzex for registration; and
- (c) immediately after receipt of the share transfer form or forms under clause 5.2(b), Auzex entering, or procuring the entry of, the name and address of BBG in the Auzex Share Register as the holder of all of the Scheme Shares.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to BBG of each Scheme Share, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6.4.

5.4 Timing

Notwithstanding any other provision of the Scheme, while BBG Shares forming the Scheme Consideration must be issued (and relevant registers updated to record their issuance) on the Implementation Date, any requirements under clause 6 for the sending of holding statements or allotment advices may be satisfied within 10 Business Days after the Implementation Date.

5.5 Provision of Scheme Consideration to the holders of Excluded Shares

Nothing in the Scheme requires BBG to provide Scheme Consideration to any holder of Excluded Shares.

6. SCHEME CONSIDERATION

6.1 Scheme Consideration

The Scheme Consideration, in respect of each Scheme Shareholder, is the number of BBG Shares calculated by the formula in the Schedule to this document, subject to clause 6.2

6.2 Rounding of Entitlements

- (a) Subject to clause 6.2(b), any entitlement of a Scheme Shareholder to a fraction of a BBG Share:
 - (i) which is 0.5 or greater will be rounded up to the nearest whole number of BBG Shares; and

(ii) which is less than 0.5 will be rounded down to the nearest whole number of BBG Shares.

(b) If BBG reasonably believes that a Scheme Shareholder that holds the Scheme Shares has, on or before the Record Date, dealt with the Scheme Shares (including splitting or dividing a holding) since the date of the Merger Implementation Agreement in an attempt to obtain an advantage by reference to the rounding which would, but for this clause, apply in the calculation of that Scheme Shareholder's entitlements to BBG Shares, then any resulting fractional entitlement will be aggregated and such aggregate entitlement rounded in accordance with clause 6.2(a).

6.3 **Provision of Scheme Consideration**

Subject to the Scheme becoming Effective, Auzex will procure that, in consideration of the transfer to BBG under the Scheme of each Scheme Share held by a Scheme Shareholder, BBG will provide the Scheme Consideration to each Scheme Shareholder on the Implementation Date.

6.4 **Satisfaction of the obligation to provide the Scheme Consideration**

Subject to clauses 5.3 and 6.9, the obligations of BBG under the Scheme to provide the Scheme Consideration to Scheme Shareholders will be satisfied, in the case of Scheme Shareholders other than Ineligible Foreign Shareholders, by BBG procuring that:

- (a) the name and Registered Address of each such Scheme Shareholder is entered into the BBG Share Register on the Implementation Date in respect of the BBG Shares to which it is entitled; and
- (b) an uncertificated holding statement is sent to the Registered Address of each such Scheme Shareholder representing the number of BBG Shares issued to the Scheme Shareholder pursuant to the Scheme.

6.5 **Status of BBG Shares**

- (a) The BBG Shares comprising the Scheme Consideration will be:
 - (i) duly and validly issued;
 - (ii) fully paid; and
 - (iii) rank equally in all respects with all other BBG Shares.
- (b) BBG will use its best endeavours to procure that the BBG Shares to be issued pursuant to the Scheme will be quoted on ASX:
 - (i) initially on a deferred settlement basis on and from the Business Day after the Effective Date (or, if BBG Shares are subject to a trading halt on that day, on and from the first Business Day after the trading halt has ended); and
 - (ii) on an ordinary settlement basis on and from the Business Day after the Implementation Date.

6.6 **Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders; and
- (b) any uncertificated holding statements will be issued in the names of the joint holders,

and will be sent to the holder whose name appears first in the Auzex Share Register at the Record Date.

6.7 Agreement by Scheme Shareholders

Each Scheme Shareholder to whom BBG Shares are to be issued under the Scheme agrees:

- (a) to become a member of BBG for the purposes of section 231 of the Corporations Act;
- (b) to have their name and address entered in the BBG Share Register; and
- (c) to be bound by the constitution of BBG as in force from time to time in respect of the BBG Shares.

6.8 Binding instruction or notifications

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and Auzex relating to Scheme Shares as at 5.00 pm on the Record Date (including any instructions relating to payment of dividends or to communications from Auzex) will, from 5.00 pm on the Record Date, be deemed (except to the extent determined otherwise by BBG in its sole discretion) to be a similarly binding instruction or notification to, and accepted by BBG, in respect of the BBG Shares issued to the Scheme Shareholder until that instruction or notification is revoked or amended in writing addressed to BBG, provided that any such instructions or notifications accepted by BBG will apply to and in respect of the issue of BBG Shares as the Scheme Consideration only to the extent that they:

- (a) are not inconsistent with the other provisions of the Scheme; or
- (b) are recognised under Australian law or BBG's constituent documents.

6.9 Ineligible Foreign Shareholders

BBG is under no obligation under the Scheme to issue, and will not issue, any BBG Shares to an Ineligible Foreign Shareholder, and instead:

- (a) the BBG Shares which would otherwise be required to be issued to the Ineligible Foreign Shareholders under the Scheme will be issued to the Sale Agent, by BBG procuring that:
 - (i) the name and address of the Sale Agent is entered into the BBG Share Register on the Implementation Date in respect of the BBG Shares required to be issued to it under clause 6.3; and
 - (ii) an uncertificated holding statement is sent to the Sale Agent representing the number of BBG Shares issued it.
- (b) BBG will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent:

- (i) sells or procures the sale on ASX of all of the BBG Shares issued to the Sale Agent pursuant to clause 6.9(a) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Foreign Shareholder); and
 - (ii) promptly thereafter pays the proceeds of sale (after deduction of any applicable costs, taxes and charges) (the **Cash Proceeds**) to the Ineligible Foreign Shareholders, in accordance with clause 6.9(c), their proportion of the Cash Proceeds calculated on an average basis so that all Ineligible Foreign Shareholders receive the same price per BBG Share, subject to rounding, in full and final satisfaction of the Ineligible Foreign Holders' rights to Scheme Consideration.
- (c) BBG will procure the payment by the Sale Agent of the relevant proportion of the Cash Proceeds to each Ineligible Foreign Shareholder in accordance with any current notification made by each such Ineligible Foreign Shareholder for the payment of any Auzex dividends by deposit to a nominated bank account or, where there is no such current notification, by sending, or procuring the dispatch to each such Ineligible Foreign Shareholder by prepaid post to the registered address of the Ineligible Foreign Shareholder at 5:00pm on the Record Date, a cheque in the name of that Ineligible Foreign Shareholder for the relevant amount denominated in Australian dollars.
- (d) None of Auzex, BBG or the Sale Agent gives any assurance as to the price that will be achieved for the sale of BBG Shares described above.
- (e) Payment in accordance with this clause 6.9 fully satisfies and discharges all BBG's obligations to Ineligible Foreign Shareholders in relation to their entitlements under clause 6.3.
- (f) Each Ineligible Foreign Shareholder appoints Auzex as their agent to receive on their behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Shareholders under the Corporations Act. Auzex will provide to Ineligible Foreign Shareholders, on request, a copy of any document Auzex receives from the Sale Agent as agent for the Ineligible Foreign Shareholders.

7. DEALINGS IN SCHEME SHARES

7.1 Entitlement to participate

Each Scheme Shareholder on the Record Date is entitled to participate in the Scheme in respect of their Scheme Shares.

7.2 Dealings before the Record Date

For the purposes of establishing who are Scheme Shareholders, subject to the Corporations Act and the Listing Rules, dealings in Auzex Shares will be recognised only if:

- (a) in the case of dealings of the type to be effected on CHESSE, the transferee is registered in the Auzex Register as the holder of the relevant Scheme Shares at 5:00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Auzex Register is kept,

and Auzex will not accept for registration or recognise for the purpose of establishing the Scheme Shareholders or their entitlements under the Scheme any transmission, application or transfer in respect of Scheme Shares received after the Record Date.

7.3 Register

- (a) Auzex must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.2 on or before the Record Date, subject to the Corporations Act and the Listing Rules.
- (b) For the purpose of determining each Scheme Shareholder's entitlement to BBG Shares under the Scheme, Auzex must maintain the Auzex Share Register in accordance with the provisions of this clause 7.3 until the BBG Shares have been duly issued by BBG to the Scheme Shareholders. The Auzex Share Register in this form will solely determine Scheme Shareholders' entitlements to BBG Shares under the Scheme.

7.4 Dealings after Record Date

- (a) For the purpose of determining entitlements to the Scheme Consideration, Auzex will, until the Scheme Consideration has been provided in accordance with the Scheme, maintain or procure the maintenance of the Auzex Register in accordance with this clause 7, and the Auzex Register in this form will solely determine entitlements to Scheme Consideration. Following provision of the Scheme Consideration and registration of the transfers to BBG contemplated by clause 5.2, each entry on the Auzex Register on the Record Date relating to Scheme Shares held by Scheme Shareholders will cease to have any effect other than as evidence of an entitlement to Scheme Consideration. BBG will keep a record of those entries for at least a year after the Implementation Date.
- (b) From the Record Date, all certificates and holding statements for Scheme Shares held by Scheme Shareholders existing on the Record Date will cease to have effect as documents of title in respect of those Scheme Shares, other than for the purpose of registering dealings in Auzex Shares in accordance with clause 7.2.

7.5 Provision of information

- (a) On or before 9.00am on the Business Day before the Implementation Date, Auzex must give to BBG the name, Registered Address and registered holding of Scheme Shares of each Scheme Shareholder as shown in the Auzex Share Register on the Record Date, such details to be provided in such form as BBG may reasonably require.
- (b) Auzex Shareholders agree that the information referred to in clause 7.5(a) may be disclosed to BBG, BBG's advisers, Auzex's advisers and other service providers (including BBG's share registry) to the extent necessary to effect the Scheme.

8. GENERAL PROVISIONS

8.1 Scheme alterations and conditions

If the Court proposes to approve the Scheme subject to any alterations or conditions, Auzex may, by its counsel or solicitors but subject to the prior approval of BBG, consent on behalf of all persons concerned (including, for the avoidance of doubt, all Auzex Shareholders) to those alterations or conditions.

8.2 Covenants by Scheme Shareholders

Each Scheme Shareholder:

- (a) agrees to the transfer of their Scheme Shares to BBG, in accordance with the Scheme; and
- (b) consents to Auzex doing all things and executing all deeds, instruments, transfers and other documents as may be necessary or desirable to give full effect to the Scheme and the transactions contemplated by it.

8.3 Status of Scheme Shares

- (a) Each Scheme Shareholder is deemed to have warranted to BBG that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to BBG under the Scheme will, on the date of the transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise; and
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to BBG under the Scheme.
- (b) The Auzex Shareholders (and not BBG) will be entitled to any dividends and other distributions declared or paid on the Auzex Shares in accordance with the Merger Implementation Agreement before the Implementation Date.
- (c) Upon BBG providing written confirmation to Auzex of the provision of the Scheme Consideration in accordance with clauses 6.4 and 6.9, pending registration by Auzex of the name and address of BBG in the Auzex Register as the holder of the Scheme Shares:
 - (i) BBG will be beneficially entitled to the Scheme Shares transferred to it under the Scheme;
 - (ii) each Scheme Shareholder:
 - (A) is deemed to have irrevocably appointed BBG as attorney and agent (and directed BBG in such capacity) to appoint an officer or agent nominated by BBG as their sole proxy and, where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolutions, whether in person, by proxy or by corporate representative;
 - (B) must take all other actions in the capacity of a registered holder of Scheme Shares as BBG reasonably directs; and
 - (C) must not attend or vote at any shareholders' meeting of Auzex, or sign any resolution (whether in person, by proxy or by corporate representative) other than under this clause 8.3(c)(ii).

8.4 Power of attorney

Each Scheme Shareholder, without the need for any further act by any Scheme Shareholder, irrevocably appoints Auzex and each of its directors and secretaries (jointly and severally) as the Scheme Shareholder's attorney and agent for the purpose of:

- (a) executing any document or doing any other act necessary or expedient to give effect to the terms of the Scheme including, without limitation, the execution of the share transfers to be delivered under clause 5.2(b) and the provision of a proper instrument of transfer of the Scheme Shareholder's Scheme Shares for the purposes of section 1071B of the Corporations Act (which may be a master transfer of all or part of the Scheme Shares); and
- (b) enforcing the Scheme Deed Poll against BBG,

and Auzex accepts such appointment. Auzex, as the agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.4 to all or any of its directors and officers (jointly, severally, or jointly and severally).

8.5 Enforcement of the Scheme Deed Poll

Auzex undertakes in favour of each Scheme Shareholder that it will enforce the Scheme Deed Poll against BBG on behalf of and as agent and attorney for Scheme Shareholder.

8.6 Further assurance

Auzex must execute all documents and do all acts and things necessary for the implementation and performance of the Scheme.

8.7 Scheme binding

Each of the Scheme Shareholders acknowledges that the Scheme binds Auzex and all Scheme Shareholders from time to time (including those who do not attend the Scheme Meeting to approve the Scheme or do not vote at the Scheme Meeting or vote against the Scheme at the Scheme Meeting). To the extent of inconsistency between the Scheme and Auzex's constitution, the Scheme overrides Auzex's constitution.

8.8 No liability when acting in good faith

None of Auzex or BBG nor GGG nor any officer of any of those companies is liable for anything done or omitted to be done in good faith in the performance of the Scheme.

9. NOTICES

9.1 General

Any notice, transfer, transmission application, direction or other communication referred to in the Scheme given or made under this document must be in writing in English and signed by the sender or a person duly authorized by the sender.

9.2 Communications by post

Subject to clause 9.4, where a communication is sent by post, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at the registered office or at the place where the relevant Share Register is kept.

9.3 **Communications by fax**

Subject to clause 9.4, where a communication is sent by fax it is given when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

9.4 **After hours communications**

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next Business Day in that place.

10. COSTS AND STAMP DUTY

10.1 **Costs**

Auzex must pay all filing, application or similar fees due in relation to the Scheme.

10.2 **Stamp duty**

Auzex must:

- (a) pay, or procure the payment of, all stamp duties and any related fines and penalties (if any) in respect of the Scheme, the performance of the Scheme and each transaction effected by or made under the Scheme; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with paragraph (a).

11. GOVERNING LAW

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Queensland.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the Court and the courts of Queensland and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

Schedule

Scheme Consideration

The Scheme Consideration, in respect of each Scheme Shareholder, is the number of BBG Shares calculated by the formula:

$$\text{Scheme Consideration} = \text{SS} \times \text{R}$$

where:

SS is the number of Scheme Shares held by the Scheme Shareholder on the Record Date

R is the Scheme Ratio calculated by the formula:

$$\text{R} = \frac{\text{A} \times \text{C}}{\text{TAS} - \text{ES}}$$

where:

$$\text{A} = \frac{\text{B}}{1 - \text{C}}$$

B is the total number of BBG Shares on issue immediately before the Implementation Date

$$\text{C} = \frac{\text{TAS} - \text{ES}}{\text{TAS}} \times 0.5$$

TAS is the total number of Auzex Shares on the Record Date

ES is the number of Excluded Shares on the Record Date

Appendix **3**



DEED POLL

**By Bullabulling Gold Limited
(BBG)**

in favour of each Scheme Shareholder

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Deed Poll

Date	
Parties	<p>Bullabulling Gold Limited (ACN 153 234 532) of 41 Stirling Highway, Nedlands Perth WA 6009 (BBG)</p> <p>In favour of:</p> <p>Each Scheme Shareholder</p>
Recitals	<ol style="list-style-type: none">1. The directors of Auzex consider that it is in the interests of Auzex and the holders of fully paid ordinary shares in Auzex (Auzex Shareholders) that Auzex Shareholders consider and, if they think fit, approve the Scheme.2. Accordingly, the directors of Auzex have resolved that Auzex should propose the Scheme.3. Auzex and GGG entered into the Merger Implementation Agreement pursuant to which, among other things, Auzex agreed to propose a scheme of arrangement between Auzex and the holders of fully paid ordinary shares in Auzex, the effect of which will be that BBG acquires all of the Scheme Shares from Scheme Shareholders in exchange for the Scheme Consideration.4. In the Merger Implementation Agreement GGG agreed, subject to the satisfaction or waiver of certain conditions, to do all things necessary or desirable on its part to implement the Scheme, including procuring the provision of the Scheme Consideration.5. BBG is entering into this Deed Poll for the purpose of covenanting in favour of each Scheme Shareholder that it will observe and perform all obligations under the Scheme that are attributed to BBG, as if named as a party to the Scheme.

OPERATIVE PROVISIONS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed Poll:

- (a) the following definitions apply unless the context necessarily requires otherwise:

Deed Poll this deed poll.

Scheme the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Auzex and the Scheme Shareholders, a copy of which is annexed to this Deed Poll, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Auzex and BBG.

(b) Capitalised terms have the same meaning as given to them in the Scheme.

1.2 Interpretation

In this Deed Poll:

(c) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

- (d) person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated) (other than the Bullabulling Joint Venture), a partnership and a trust;
- (e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
- (f) a reference to a document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (g) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (h) a word importing the singular includes the plural (and vice versa), and a word indicating a gender includes every other gender;
- (i) a reference to a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this agreement, and a reference to this agreement includes all schedules, exhibits, attachments and annexures to it;
- (j) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (k) includes in any form is not a word of limitation; and
- (l) a reference to \$ or dollar is to Australian currency.

1.3 Nature of Deed Poll

BBG acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholders are not party to it;

- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Auzex and all of its directors, secretaries and officers (joint and severally) as its agent and attorney for the purposes of, among other things, enforcing this Deed Poll against BBG; and
- (c) Auzex may enforce this Deed Poll against BBG in its own name notwithstanding that Auzex is not a party to this Deed Poll.

2. CONDITIONS AND TERMINATION

2.1 Conditions

The obligations of BBG under this Deed Poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of BBG under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no further force or effect, if:

- (a) the Merger Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme does not become Effective on or before the Sunset Date.

2.3 Consequences of termination

If this Deed Poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

- (a) BBG is released from its obligation to further perform this Deed Poll except those obligations contained in clause 6; and
- (b) Scheme Shareholders retain the rights they have against BBG in respect of any breach of this Deed Poll which occurs before it is terminated.

3. COMPLIANCE WITH SCHEME OBLIGATIONS

3.1 Scheme Consideration

Subject to clause 2, BBG undertakes and covenants in favour of each Scheme Shareholder to:

- (a) provide or procure the provision of the Scheme Consideration to each Scheme Shareholder; and
 - (b) undertake all other actions attributed to it under the Scheme,
- in accordance with the Scheme as if BBG was a party to the Scheme..

3.2 Status of BBG Shares

BBG undertakes in favour of each Scheme Shareholder that the BBG Shares which are issued to Scheme Shareholders in accordance with the Scheme will:

- (a) rank equally in all respects with the existing BBG Shares; and

- (b) be duly issued and fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under BBG's constitution).

3.3 Scheme binding

Without limiting anything in clauses 3.1 or 3.2, BBG undertakes and covenants that it is bound by and will comply with all the provisions of the Scheme.

4. WARRANTIES

BBG represents and warrants in favour of each Scheme Shareholder that:

- (a) it is a body corporate duly incorporated under the laws of its jurisdiction of incorporation or registration;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll will constitute legally valid and binding obligations on it enforceable in accordance with its terms and does not conflict with or result in a breach of or a default under:
 - (i) the constitution or equivalent constituent documents of it or any of its Related Bodies Corporate; or
 - (ii) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or by which it is bound.

5. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) BBG has fully performed its obligations under this Deed Poll; or
- (b) this Deed Poll is terminated under clause 2.2,

whichever occurs first.

6. STAMP DUTY

BBG will:

- (a) pay, or procure the payment of, all stamp duties and any related fines and penalties (if any) in respect of this Deed Poll, the performance of this Deed Poll and each transaction effected by or made under this Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with paragraph (a).

7. GENERAL

7.1 Notices

- (a) All notices or other communication to BBG in respect of this Deed Poll must be:
- (i) in legible writing;
 - (ii) signed by the sender or by a person authorised by the sender;
 - (iii) delivered or sent by prepaid ordinary post to the address, or sent by fax to the fax number, of BBG or given in any other way permitted by law, addressed as follows:

Address: 41 Stirling Highway, Nedlands Perth WA 6009

Fax:

Attention:

- (b) Any notice or other communication given in accordance with clause 7.1(a) will, in the absence of proof of earlier receipt, be deemed to have been duly given:
- (i) if delivered by hand, on delivery at the address of BBG, unless that delivery is made on a non-Business Day, or after 5.00 pm on a Business Day, in which case that communication will be deemed to be received at 9.00 am on the next Business Day;
 - (ii) if sent by pre-paid mail, on the third Business Day after posting; and
 - (iii) if sent by facsimile, at the local time (in the place of receipt of the facsimile) which then equates to the time at which that facsimile is sent as shown on the transmission report which is produced by the machine from which that facsimile is sent and which confirms transmission of that facsimile in its entirety, unless that local time is a non-Business Day, or after 5.00 pm on a Business Day, in which case that communication will be deemed to be received at 9.00 am on the next Business Day.

7.2 Governing law and jurisdiction

This Deed Poll is governed by the laws of Queensland. BBG irrevocably submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Queensland.

7.3 No waiver

No failure to exercise, nor any delay in exercising any right, power or remedy by BBG or a Scheme Shareholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

7.4 **Variation**

This Deed Poll may be varied only by another deed poll entered into by BBG and agreed in writing by Auzex, and only if the Court indicates that the variation will not prejudice approval of the Scheme.

7.5 **Cumulative rights**

The rights, powers and remedies of BBG and the Scheme Shareholders under this Deed Poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this Deed Poll.

7.6 **Assignment**

The rights and obligations of BBG and each Scheme Shareholder under this Deed Poll are personal and may not be assigned, charged or otherwise dealt with at law or in equity.

7.7 **Further action**

BBG will promptly do all things and execute and deliver all further documents required by law or reasonably requested by Auzex to give full force and effect to this Deed Poll.

7.8 **Consent**

BBG consents to Auzex producing this document to the Court.

Executed by **Bullabulling Gold Limited**
ACN 153 234 532 in accordance with
section 127 of the *Corporations Act 2001*

.....
Director/company secretary

.....
Director

.....
Name of director/company secretary
(BLOCK LETTERS)

.....
Name of director
(BLOCK LETTERS)

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www.auzex.com

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 552 270
(outside Australia) +61 3 9415 4000

000001 000 AZX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form - Scheme Meeting

For your vote to be effective it must be received by 10.00am (Brisbane time) on Tuesday 20 March 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Auzex Resources Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Scheme Meeting of Auzex Resources Limited to be held at The Medina, 15 Ivory Lane, Brisbane on Thursday, 22 March 2012 at 10.00am (Brisbane time) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

- 1 That pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the Scheme (namely, the scheme of arrangement proposed between Auzex and Auzex Shareholders, referred to as the 'Scheme', as contained in and more particularly described in the Booklet accompanying the notice convening this meeting) is agreed to with or without modification as approved by the Court (terms in this resolution having the same meaning as in the Booklet)

For Against Abstain

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

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Computershare +