ANNUAL REPORT 2011

auzex RESOURCES LIMITED

ABN 74 106 444 606

CORPORATE **DIRECTORY**

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Paul Frederiks

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117 Victoria street
West End QLD 4101

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+61 3 9415 4000 (outside Aust.)

ABN 74 106 444 606

ANNUAL GENERAL MEETING

The Annual General Meeting of Auzex Resources Limited will be held in Boardroom 1, Medina Executive Brisbane, 15 Ivory Lane, Brisbane on Friday 25 November 2011 commencing at 10:00am. A formal notice of meeting and proxy form have been mailed separately.

STOCK EXCHANGE LISTING

Auzex Resources Limited shares are listed on the Australian Stock Exchange. The home branch is Brisbane and the shares are quoted under ASX code: AZX.

ANNUAL REPORT **2011**

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LIMITED

auzex RESOURCES LIMITED

CHAIRMAN'S **REVIEW**

We highlighted in last year's Annual Report that the 2009/10 financial year had been a challenging, but ultimately rewarding year for Auzex Resources. We can say the same for the 2010/11 year – albeit with some very different challenges.

Two issues have dominated the year for your Company.

Firstly, the Bullabulling Project: This is a very large tonnage low grade gold project on which substantial progress has been made in the pre-feasibility work we have carried out over the year. We have been focusing on all of the value drivers - such as resource base (tonnes x grade), metallurgical recovery, operating costs (mining, processing, administration), plant and infrastructure costs - that are the key operating parameters for any gold mine. This progress is reported on in some detail elsewhere in this Annual Report and there is no need for me to repeat that detail here. Suffice to say that we are building a project, with the potential to transform your Company into a significant emerging producer. All the work we have done over the Financial Year, and since, has added value to that medium term goal. Unfortunately, the corporate activity that we discuss below has shifted the focus of the market from the project, to the perceived risk associated with our relationship with GGG Resources plc. Your Board is, however, pleased with the progress we have made in advancing Bullabulling towards production.

And secondly, corporate activity: When we brought our UK based Joint Venture Partner and owner of 50% of the Bullabulling Project, GGG Resources, into the project, we considered that a merger of the two companies might be an option, subject to compatibility and the confidence we developed in the Bullabulling resource. This option was flagged in my 2010 Annual report. GGG had a different view and launched an unsolicited hostile takeover in March 2011. This action precipitated a raft of corporate and consultant activity, all of which created a significant and unnecessary drain on our financial and staff resources. Throughout this period of activity, we maintained the view that an agreed merger was the preferred path through which we could deliver value to our shareholders.

We have now delivered that outcome, and in doing so overcome the difficulties arising from the takeover, and built a strong and effective relationship with the nominated GGG personnel. We are very confident that this relationship will allow us to drive the agreed merger through in a reasonable timeframe. I am equally confident it will provide the skills and competence, at management and governance levels, for the merged entity, Bullabulling Gold Limited, to be successful. Successful delivery of the merger, and concurrent progress in developing the Bullabulling project, will build the confidence of our shareholders and the market that the project warrants. As you will be aware, Nigel Clark and myself are co-chairs of the Joint Venture during the transition to Bullabulling Gold Limited, and I am pleased to report that we have forged a strong and effective working relationship, and that we are both confident the transitional arrangements will deliver the outcomes we seek.

Throughout this period of corporate activity, we have been fortunate in keeping the highly skilled people we have on our team both on the ground managing the drilling and feasibility work at Bullabulling and our other prospects, and at the executive level.

With the merger implementation in progress, this will be Auzex Resource's last Annual Report subject to shareholder support. In 2012 there will be two companies; Bullabulling Gold Limited which will own 100% of the Bullabulling project; and Auzex Exploration Limited which will own the assets other than Bullabulling that are currently owned by Auzex Resources. Our agreement is for John Lawton and myself to sit on the Board of Bullabulling Gold, with John and the GGG Managing Director, Jeff Malaihollo, working together to drive the agreed project development program and corporate outcomes during the transition to Bullabulling Gold. Our intention is to build the management capability of Bullabulling Gold through recruitment, and use the current Executive Team as required, while concurrently working towards the listing of Auzex Exploration Ltd during 2012. We are looking at a number of opportunties that could provide additional value for that listing.

This activity has occurred with a backdrop of extreme market volatility. The strong gold price has been a positive, but the severe swings in investor sentiment has, along with the uncertainties created by the corporate activity discussed above, made fund raising very challenging. We expect that volitility to continue. We also expect the gold price to remain in the current broad band and thus provide solid support for the Bullabulling project as we complete the Feasibility Study in 2012.

With the merger of Auzex Resources and GGG Resources in progress, and the resultant exposure of our shareholders in 2012 to future gold production through Bullabulling Gold Limited, as well as proven exploration expertise through Auzex Exploration Ltd, the Board is confident that shareholders are well placed to receive significant value appreciation over the medium term.

Chris Baker
Chairman

HIGHLIGHTS

- In August 2010 the Company in a 50:50 joint venture with GGG Resources plc, finalised the acquisition of the Bullabulling Gold Project, located approximately 60km west of Kalgoorlie in the Eastern Goldfields of Western Australia, from Jervois Mining Ltd and its subsidiary. In the same month, the Company announced a 450% increase in the estimated resource at Bullabulling from the acquired 430,000oz gold to 1.98 million ounces (Moz), based upon the extensive drilling database included in the purchase. The compilation of the database was able to show that the previously mined total of 371,000oz gold was associated with a regionally extensive shear zone in which gold mineralisation was continuous and open both along strike (exceeding 12 km) and at depth. Nine shallow open-cut pits had been previously operated to a maximum 80m depth, with production from surface laterite, shallow supergene ore and deeper primary (fresh) ore.
- An intensive exploration and development program commenced at Bullabulling in November 2010 and has continued throughout 2011. Based upon a first phase infill drilling program of 35,000m focussed on a 2.3km portion (between Bacchus and Phoenix pits) of the 6.0km long mineralised zone termed the Bullabulling Trend, a resource upgrade was announced in August 2011 of 2.60 Moz gold including approximately 700,000oz in Indicated resource category. A program of metallurgical testwork on primary mineralisation indicated a cyanide extractable gold recovery of 92-95% with approximately 30-40% reporting to a gravity concentrate. Engineering design studies have focussed on determining the optimum carbon-in-pulp process plant throughput rate with a base case of 5.0 million tonnes per annum (Mtpa) within a range of 3.5 Mtpa and 10.0Mtpa options assessed. Other feasibility activities have included capital cost, operating cost, groundwater, geotechnical and environmental studies.
- Auzex's joint venture partner in the Bullabulling Gold Project, AIM listed GGG Resources plc, mounted a hostile all scrip takeover offer in March 2011, which was successfully defeated and replaced through negotiation by a non-premium all scrip merger which was announced in late August 2011. A new ASX and AIM listed entity, to be called Bullabulling Gold Limited, will be formed to consolidate the ownership of Bullabulling. Auzex will demerge its non-Bullabulling assets into a separate unlisted public company to be known as Auzex Exploration Limited. The merger is subject to shareholder approval of both companies, and is expected to be completed in February 2012.
- The Company undertook a capital raising through a significantly oversubscribed placement to raise $6.7 million in November 2010 and a more recent placement and rights issues (October 2011) to raise up to a combined $8.0 million, both to fund the Bullabulling Gold Project feasibility study due for completion at the end of 2012.

OBJECTIVES for the 2011/2012 year

The principal focus for the Company in the 2011/2012 financial year is the successful completion of the merger with GGG Resources plc to consolidate the ownership of the Bullabulling Gold Project into a newly incorporated entity, Bullabulling Gold Limited to be listed on ASX and AIM and focussed on the completion of the feasibility study currently in progress: a pre-feasibility study will be completed by July 2012, prior to a bankable feasibility study in December 2012. Activities during the 2012 financial year will include:

- Finalise a scoping study that will provide advice from previous production records in areas of mining and processing that can be improved or made more efficient.
- Complete infill resource drilling along the Bullabulling Trend so that a resource update can be finalised and an initial reserve (exceeding 1.0Moz) can be estimated for the project.
- Establish the preferred plant capacity (throughput rate) so that capital and operating costs can be determined and a comprehensive financial model prepared as part of a completed pre-feasibility study.
- Undertake exploration for additional open-pittable mineralisation to the south of the Bullabulling Trend.
- Commence drill testing for higher grade mineralisation vertically below the current workings and resources which, if it exists, would be mined underground.

During the 2011/2012 year, all non-Bullabulling assets held by Auzex will be demerged, subject to shareholder approval, into a newly incorporated unlisted public company called Auzex Exploration Limited which existing Auzex shareholders will own. It is the intention that this company will be subject to an Initial Public Offer (IPO) and ASX listing at a suitable time during the first half of 2012. The demerger process is currently in progress and should be completed prior to the end of 2011. Auzex Exploration Limited will endeavour to progress the existing demerged projects, either with its own resources or through attractive joint venture agreements with suitable development partners, as well as assessing new opportunities, particularly gold:

- Assessment of the Khartoum Tin - Tungsten Project, with the aim of commencing a second phase RC drill program to scope resource studies
- Further diamond drilling on Lyell goldfields project in New Zealand following encouragement from the latest drilling program
- Continue exploration and establish drilling targets at the Running Brook gold prospect
- Recommence exploration at the Seven Hills / Klondyke gold prospect in northern New South Wales
- Seek suitable project partners and finalise financing arrangements for the development of the Kingsgate molybdenum-silica project, including approvals in preparation for project development
- Assess new opportunities to acquire mineral projects, preferably at a stage where the prospectivity can be evaluated, so that company funds can be efficiently utilised

CORPORATE

Company Profile and Strategy

Auzex Resources Limited is an exploration company targeting world class multi-metal ore bodies. The Company was incorporated in September 2003 and subsequently listed on the Australian Stock Exchange in October 2005. Auzex Resources has used modern statistical techniques applied to new mineralisation models to direct its exploration focus and increase the probability of discovery within their projects. The Company's strategy changed in 2009 from a focus on greenfields exploration to assessing brown field's opportunities, particularly in gold. The probabilistic approach to exploration that has been used successfully by the Company to date was also applied to more advanced projects. This led to the assessment and acquisition of the Bullabulling Gold Project, located in the Coolgardie Goldfield of Western Australia during 2010.

A Placement was announced to the market in November 2010 which raised $6.7 million at $0.55 per share from the issue of 12,299,201 fully paid ordinary shares. The placement was significantly oversubscribed and allocated to domestic and international institutional clients of StoneBridge Securities Limited.

The funds raised were used to fund Auzex' share of the development of the Bullabulling Gold Project, particularly the infill drilling program along the 2.3km portion of the Bullabulling Trend between the Bacchus and Phoenix pits. The placement represented 15% of the existing issued capital in the Company.

As a result of Auzex's focus on the exploration and development of the Bullabulling Gold Project, the Company's other projects have been maintained in good standing with only minor activity. It is the intention, subject to shareholder approval, to demerge these exploration assets into another entity which has been recently incorporated as Auzex Exploration Limited for the benefit of existing Auzex shareholders. This process is currently in progress as part of the merger with GGG Resources to form Bullabulling Gold Limited. Auzex Exploration will be the subject of an initial public offer (IPO) and ASX listing at an appropriate time during 2012. These assets include:

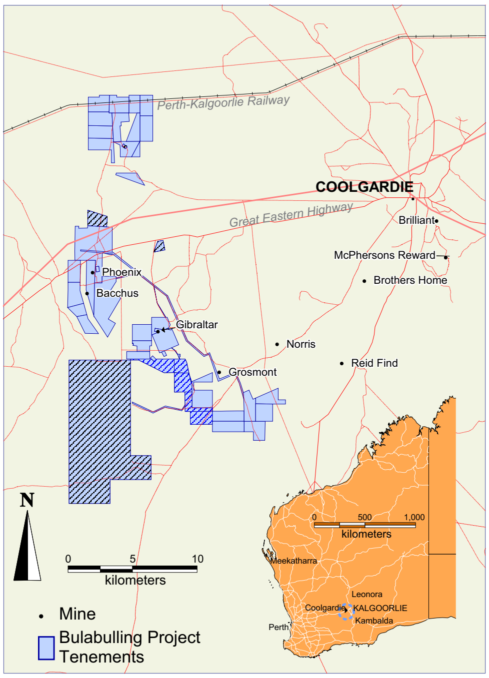
- The Khartoum tin project in north Queensland, which offers considerable potential to become a world class tin deposit, and
- The Kingsgate molybdenum-silica-bismuth project 20km east of Glen Innes in northern New South Wales,
- Three gold prospects (Lyell, Klondyke and Running Brook) that are attractive drill targets with Lyell (New Zealand) having the best potential for future mine development at this stage.

Capital Structure

The Company's issued capital as at 30 June 2011 comprises 95.19 million fully paid ordinary shares (a share expansion of approximately 87% in the last year), 11.92 million listed options (ASX code AZXO) and 1.94 million unlisted options.

Cash Position

As at 30 June 2011, the Company was debt free with cash in the bank amounting to $3.77 million.


Perth-Kalgoorlie Railway
COOLGARDIE
Great Eastern Highway
Brilliant
McPhersons Reward
Brothers Home
Phoenix
Bacchus
Gibraltar
Norris
Reid Find
Grosmont
N
0
5
10
kilometers
0
500
1,000
kilometers
Meekatharra
Leonora
Coolgardie
KALGOORLIE
Kambalda
Perth
Mine
Bulabulling Project Tenements


Greenstone
Granite
Nickel Sulphide Deposit
Gold Deposit
Salt Lakes
Road
Honeymoon Well
Collurabbie
Mt. Keith
Cosmos
Sandstone
Leinster
Darlot
Sandstone
Mt. Windarra
Youanmi
Laverton
Granny Smith
Leonora
Wallaby
Sons Of Gwalia
Sunrise Dam
Menzies
Broad Arrow
Silver Swan & Black Swan
Paddington
Kundana
Mt. Charlotte
Kalgoorlie
Super Pit
BULLABULLING PROJECT
Coolgardie
Copperhead
Kambalda
Edna May
Southern Cross
Kambalda
Victory/Defiance
Merredin
Marvel Loch
Yilgarn Star
Chalice
Bounty

Business Plan

It has been the Company's intention to derive maximum short-term benefit from the exploration expertise and competitive advantage within the Company which has developed a valuable asset portfolio of key projects, which includes the flagship Bullabulling Gold Project. This strategy may require establishing joint-venture relationships with suitable mining companies in the event of early exploration success to preserve shareholder funds. Cash flow in this situation could be derived from operating equity participation, royalty interest or proceeds from outright sale.

Auzex Resources Limited remains an active mineral exploration company with land holdings now in Western Australia, North Queensland, New England (NSW), and West Coast New Zealand. The Company holds six significant targets, which it will continue to progress during 2012. The current operational focus of completing a feasibility study on the Bullabulling Gold Project (due in December 2012) is interrelated with the successful completion of the merger between Auzex and GGG Resources to consolidate Bullabulling within a new company, Bullabulling Gold Limited, to be listed on ASX and AIM. This process is expected to be completed during the first quarter of 2012. At the same time as the merger proceeds, Auzex's non-Bullabulling projects will be demerged (subject to shareholder approval) to form a new unlisted public company, Auzex Exploration Limited, for the benefit of existing Auzex shareholders. It is anticipated this company will be subject to an IPO and ASX listing during 2012. All tenements other than the Bullabulling Project within Australia are held 100% by Auzex. In New Zealand, its wholly owned subsidiary, Auzex Resources (NZ) Pty Ltd (Auzex NZ) holds a 58% interest in the West Coast New Zealand tenements with Auzex NZ being the operator. The main aims of the Company for the coming financial year are to:

- Complete a successful merger with Bullabulling joint venture partner GGG Resources, and consolidation of the project within the new company, Bullabulling Gold Limited to be listed on ASX and AIM.
- Prepare a pre-feasibility study by mid 2012, and a bankable feasibility study (BFS) by the end of 2012. The pre-feasibility will comprise the following activities:
  - Complete all infill drilling along the 6.0km Bullabulling Trend to establish a resource that can be used as the basis for a maiden reserve exceeding 1.0 million ounces.
  - Complete metallurgical and mining studies to confirm processing and mining costs.
  - Complete optimisation studies on the resource to allow mine planning and detailed financial modelling for the feasibility study.
- Complete a second round of drilling at the Khartoum Tin Project to test continuity of grade and extent of tin and tungsten mineralisation, and establish an initial resource.
- Finalise geological data acquisition and develop new drill targets for testing at the Running Brook gold prospect.
- Complete a review of results at the Seven Hills and Klondyke gold projects and plan follow-up exploration drilling to target potential gold resources within the project area.
- Continue drilling the Lyell Goldfields project in New Zealand to provide followup of the encouraging drilling results from the 2010/2011 campaign.
- Seek investment partners for all of the Company's existing principle project assets.
- Continue the assessment of new resource development opportunities.

REVIEW OF ACTIVITIES

Coolgardie Goldfield - Western Australia

Bullabulling Gold Project, Coolgardie, WA (Auzex 50%)

The Bullabulling Gold Project is located approximately 60km southwest of Kalgoorlie in the eastern goldfields of Western Australia. The Project assets include gold resources estimated in 2002 of 431,000 ounces, granted Mining Leases, mining infrastructure, substantial geological exploration databases and the underlying pastoral lease. Geological 3D modelling by the Company during 2010 confirmed that gold mineralisation at Bullabulling is open in all directions, particularly at depth, where previous resource drilling is limited past a vertical depth of 60m (the average depth of all drilling at Bullabulling is 34m). At the time of acquisition, Auzex considered there was excellent scope for expanding the resources both between the existing pits and at depth.

The initial field work included a structural study which was used in conjunction with the compilation of the historic drill hole database to independently estimate a new JORC compliant resource of 41,517,000 tonnes grading 1.5 g/t Au representing 1.98 million ounces of gold at a 0.7 g/t Au cut-off.

Bullabulling Mineral Resource (August 2010)

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

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

The resource was estimated to a nominal depth of 315RL, approximately 120m below surface. This depth was used as a conservative approximation of mineralisation that could be expected to be amenable to open-cut mining operations. The new Mineral Resource estimate was restricted predominantly to mineralisation within the Bullabulling Trend and excluded all historic production and historic surface dumps that are reported to contain approximately 12,000 ounces of gold.

This Mineral Resource estimate used assays from all the historic drill hole data over a 9 km^2 area covering the Bullabulling shear zone and totalling 10,522 drill holes, approximately half being reverse circulation (RC) and the remainder rotary air blast (RAB). The new estimate reconciled well with historical production of 7.9 million tonnes grading 1.45 g/t gold (371,000oz), and exhibited well defined variography consistent with the orientations of mineralisation determined by the structural study. The grade tonnage curves at various cut offs from this estimate confirm that a significant amount of the resource sits between 0.3 and 0.9 g/t Au, indicating that the project would return the greatest value as a high tonnage low grade bulk mining operation.

This was the first time all historic data had been used to estimate a Mineral Resource for the Project.

Bullabulling Tonnage Grade Table

Gold cut-off g/t Au	Tonnes	Average Grade Au g/t	Contained ounces
1	22,202,000	2.06	1,468,400
0.9	26,739,000	1.87	1,606,500
0.7	41,517,000	1.48	1,981,600
0.6	54,231,000	1.29	2,245,900
0.5	75,013,000	1.08	2,611,800
0.4	107,094,000	0.89	3,071,800
0.3	162,171,000	0.71	3,683,200

Bullabulling tonnes and average grades were estimated at different cut-off grades for mineralisation less than 120m below surface

Gold mineralisation along the Bullabulling shear zone can be traced through 40m spaced sections along almost the entire length of the trend, which is more than 6 km long. The mineralisation forms as a halo of low grade gold mineralisation (0.5-1.0g/t Au) that is continuous throughout the 6 km strike that is over 300m wide and open at depth, except where cut by later pegmatites. Higher grade gold bearing shoots of 3-4 g/t Au within the lower grade halo are located at the intersection of older and younger structures. These shoots tend to be continuous over 100s of metres, are 5-20m wide and are also open at depth. The higher grade shoots appear to be systematically repeated along the trend.

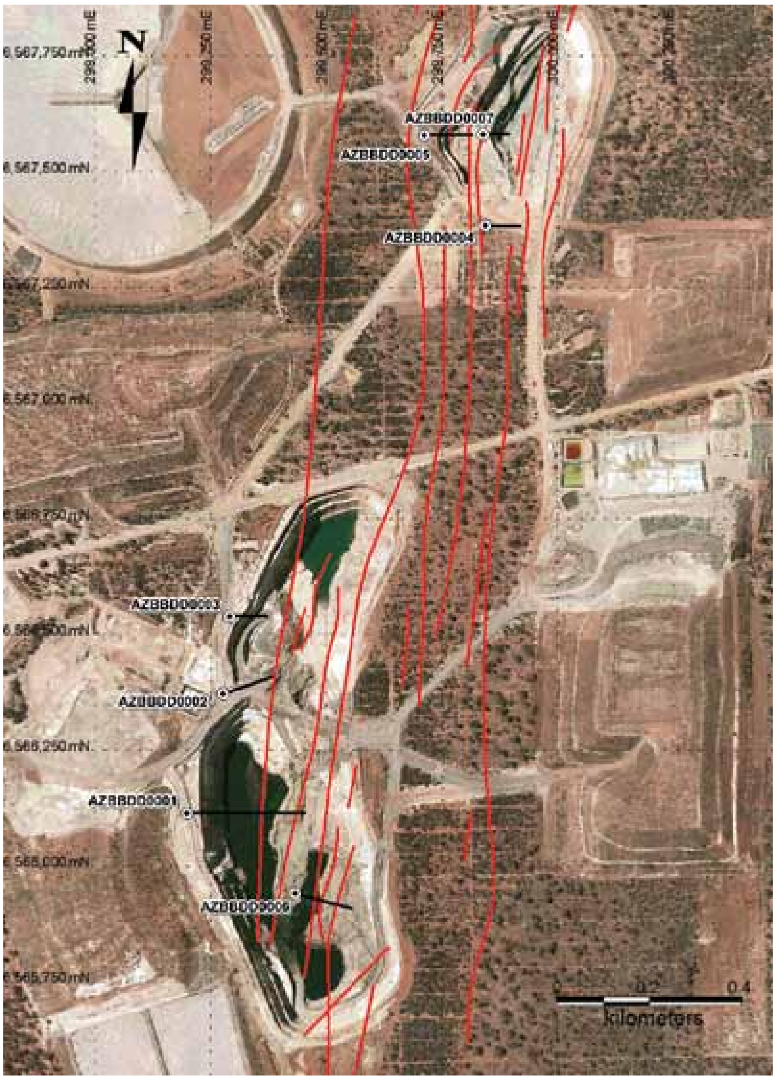
The feasibility study resource drilling program commenced in late November 2010, targeting the 2.3km long zone between Bacchus and Phoenix pits to increase and upgrade the new Inferred Mineral Resource. The drilling program was designed to infill the existing drilling, assess and confirm the quality of the historic drilling through twinning of existing drill holes (QAQC), and test the mineralised zones below the base of the resource estimate (at 120m depth approximately), including historic high grade intersections beneath the Bacchus North pit. It was anticipated this work would improve the level of confidence in the historical assays and enable an increase and reclassification of the resource from Inferred to Measured and Indicated categories.

The first drilling (Phase One) program was completed at approximately 35,000m, after being extended due to the mineralised area being greater than expected, in mid May 2011. The continuity and predictability of the mineralisation was striking.

There are typically four or five stacked planar lodes dipping moderately to the west from surface and extend below the depth of drilling (greater than 160m).

In August 2011, the Bullabulling JORC compliant resource estimate was updated to 78.84 million tonnes at 1.03 g/t Au (2.60 million ounces contained gold) to an average depth of 160m below surface using a 0.5 g/t Au cut-off. The Phase One program confirmed the statistical validity of the historic drilling, and established the drill hole spacing for future drilling to be classified in Indicated category, as 75m along strike and 35m down dip. The variography determined from the drill data provided ranges of up to 208m along strike and 108m down dip.

The resource estimate was reviewed statistically by Auzex, 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.



This latest resource estimate cannot be directly compared with the previous estimate, with the principle differences being:

- does not include RAB drilling results (4,485 holes totalling 127,888m)
- the area modelled is smaller than previously
- includes 7% dilution to account for unmineralised pegmatite even though these assays are already included in the estimate
- uses a Multiple Indicator Kriged estimation approach (previously Ordinary Kriged) which increases tonnes and lowers grade
- uses a larger block size of 25m x 10m x 5m compared to 20m x 10m x 3m previously – larger block size will lower grade and increase tonnes
- constrained to a depth of 180m (previously 120m)

Bullabulling Mineral Resources (August 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	21.0	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	1.20	20,700
Total			78.8	1.03	2,603,100

Note: The Bullabulling Trend resource is quoted for blocks with a grade of greater than 0.5g/t Au and the tonnage figures for the fresh mineralisation have been discounted by 7% for the impact of barren pegmatite dykes

Competent Person Statement

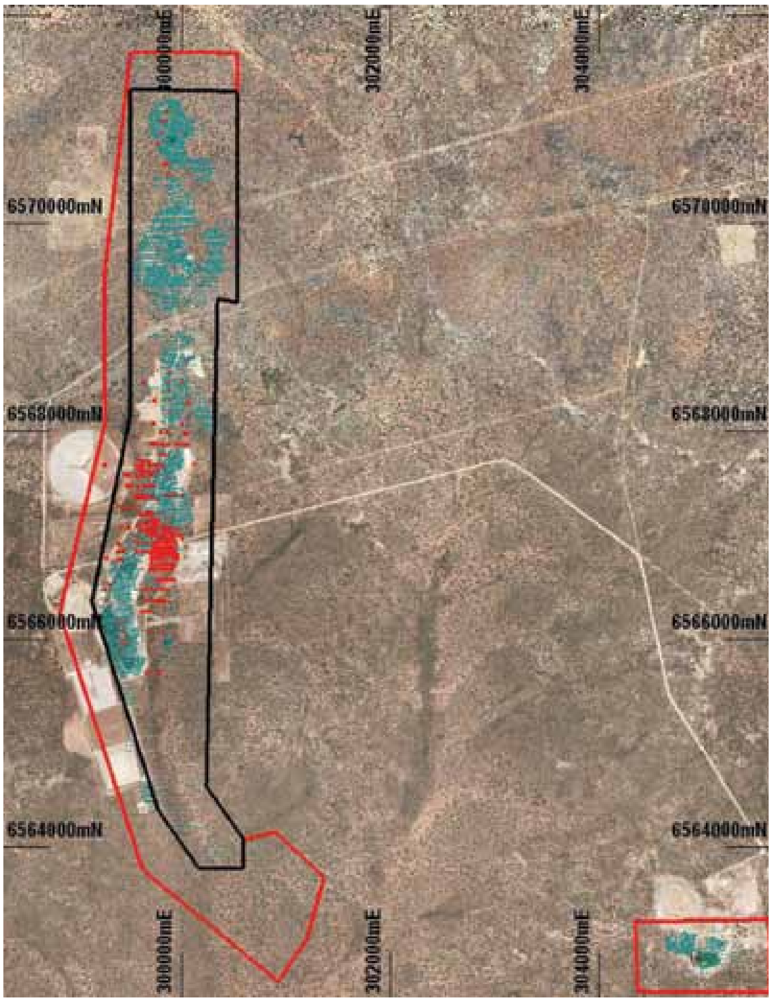
The information in this report that relates to exploration results and mineral resource estimates is based on information compiled by John Lawton. John Lawton is a corporate member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity to which he is undertaking, to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". John Lawton is a full-time employee of Auzex Resources Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Current program

The Phase Two RC drilling program commenced in May 2011 and is scheduled to be completed in November/ December 2011. This infill drilling will total approximately 70,000m and is focused on the remaining 3.5km extent of the Bullabulling Trend between Phoenix and Bone Crusher pits. Once this Phase Two program is completed, the current resource will be reviewed with an upgrade expected. This result, which is expected during the March quarter of 2012, will form the basis of the project's maiden reserve for the feasibility study.

Drilling results continue to improve the confidence in the resource model, with infill drilling to date confirming the expected widths and grades of mineralisation predicted by the resource estimate. Importantly, mineralisation continues to be intersected at depth and along strike from known mineralisation where there has been no historic drilling.

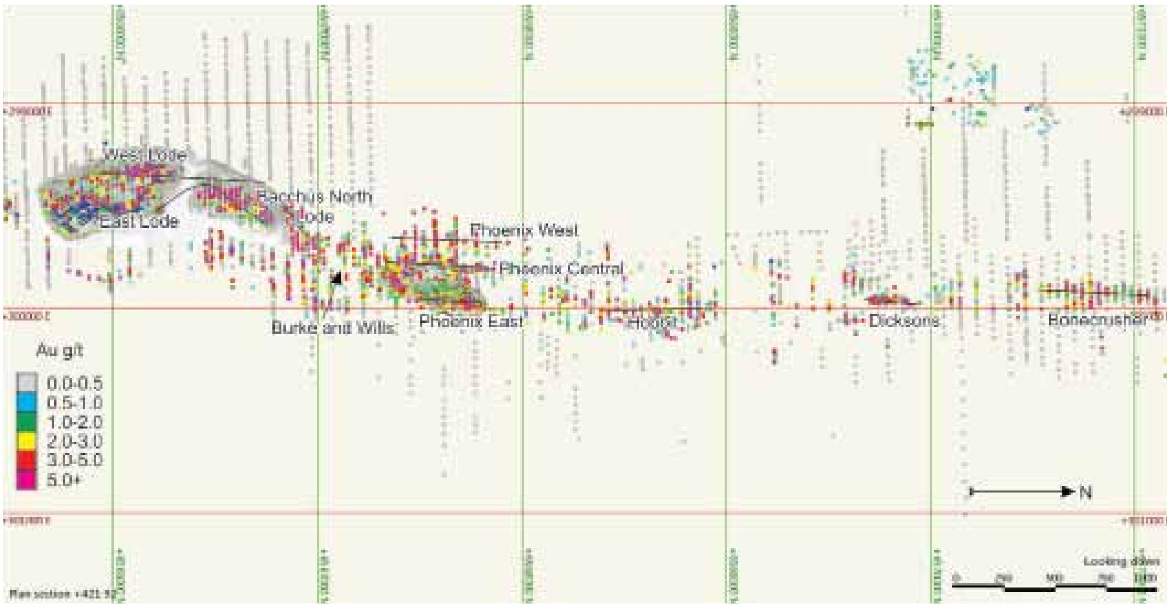
Exploration drilling is also in progress on targets to the south of the workings and current resource. These targets include Sphinx, Edwards, Medusa, Gryphon, Kraken and Minotaur where previous RAB drilling has intersected widespread gold mineralisation. These targets have potential to add



Areas covered by the 2011 resource estimate (black only) compared with the 2010 resource estimate (red and black)

to the resource if mineralisation intersected in the oxide zone extends into fresh rock.

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 immediately after the infill drilling is completed.



The continuously mineralised Bullabulling Trend extending over 6.0km

Deep drilling project

Drilling at Bullabulling to date has focussed on the near surface open-pittable resource over the 6km long Bullabulling Trend. There are numerous examples in the Eastern Goldfields of prospects being mined for low grade near surface resources which have been shown to be part of a much larger mineralisation system extending to depth. Recent alteration mapping and geological modelling has indicated potential for high grade gold mineralisation at depth within the Bullabulling project area.

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

The gold deposits at Bullabulling are hosted within a shear zone (up to 800m wide) within a sequence of metamorphosed ultramafic and mafic volcanics and sediments which dip about 45° to the west compared to the vertical dip of the shear zone. Distribution of gold mineralisation in the near surface is controlled mainly by lithology. Recent 3D geological modelling has defined the distribution of komatiite sequences at depth and along strike using geochemistry derived from analysis of the recent drill chips.

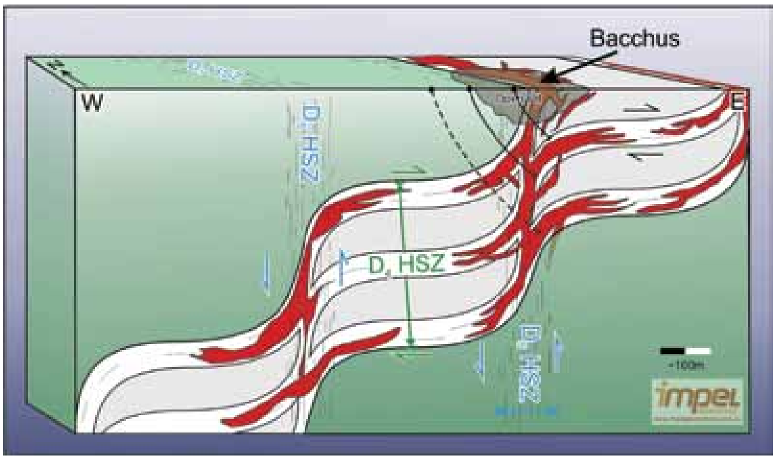
The main lithologies that host the bulk of the gold in the current resource are magnesian rich rather than iron rich, which may explain the low grade nature of the mineralisation. The key to finding higher grade continuous ore shoots along the Bullabulling mineralised trend is to locate at depth where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

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.

Project Optimisation

Four optimisation scenarios were developed to check the new resource estimate and to assess the economic potential of the Project at process rates of 3.5, 5.0, 7.5 and 10mtpa and A$1400oz gold price. All scenarios returned positive economics and all scenarios mine a main pit over 4.0 km long and 180m deep and a second pit at Bonecrusher that is 1.0 km long and 120m deep. Importantly, all scenarios include a significant proportion of the new Indicated and Inferred resources, which means with infill drilling these resources should convert directly to reserves.

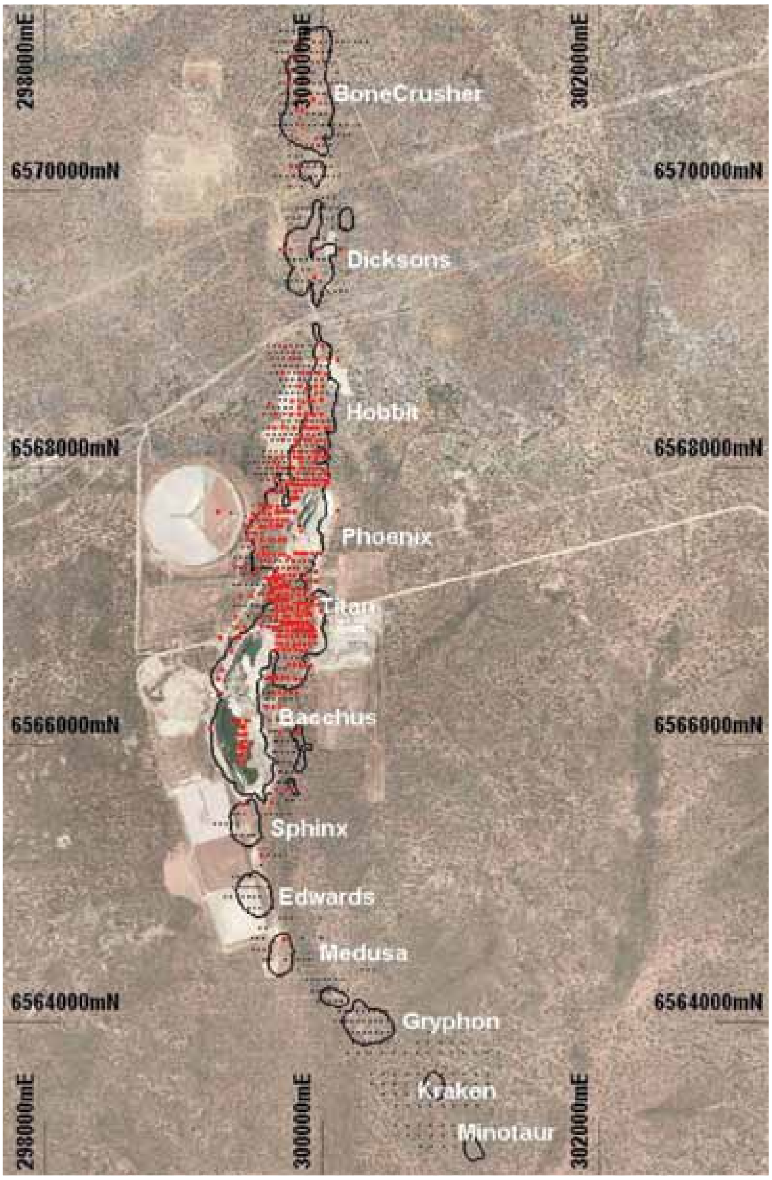
The results of the optimisation studies are expected to be released to the market in November 2011.



3D Model of the structural framework of the Bullabulling Trend showing interpreted extensions to known mineralisation.

The final report for the Phase One test work has been received from AMMTEC who carried out the test on five samples, which were composited to a master composite sample and the remaining samples were the subject of variability test work. The samples were selected at intervals from the main area of the Bullabulling Trend from Bacchus in the south to Phoenix 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 ore has excellent recoveries of 91-94% even at a head grade of 0.7 g/t Au, with 40% of the gold recovered by gravity. The gold recoveries appear to be sensitive to grind size and additional test work is planned to optimise the required grind. Compared to other deposits in the Goldfields, the ore at Bullabulling is neither hard nor abrasive due to the lack of quartz associated with the gold mineralisation. This should have a positive impact on operating costs. Planning and sampling of additional ore from the entire length of the Bullabulling Trend to increase the number of variability test work samples has commenced and these data will be used in the next phase of work to more accurately estimate processing and capital costs.

If new mineralisation can be found at the exploration targets to the south or at depth the project economics will continue to improve.



Drill location plan showing potential optimised pit outlines for the various resource target areas along the Bullabulling Trend. Completed drill holes are shown in red, planned but undrilled holes shown in black.

North Queensland Region

Khartoum Tin-Tungsten Project (Auzex 100%)

The Khartoum Tin-Tungsten Project is located approximately 100km south-west of Cairns and 20km north-west of Mt Garnet in North Queensland. The project area covers a series of highly fractionated coarse-grained granites that contain over 50 tin, tungsten, bismuth and gold occurrences. An estimated 15,000 tonnes of tin ore at an unknown grade is reported from historic mining from within the tenement. An initial six hole drilling program intersected tin mineralisation in all holes from an area with a 2,500m strike extent. Mineralisation has been intersected over wide intervals from surface to a depth of 132m with grades between 0.13% and 0.26% tin. Narrow zones of higher grade tin were also intersected. Best results include 104m at 0.21% tin from 12m and 34m at 0.26% tin from 99m. Similar zones of mineralisation have been mapped over an extensive area which provides numerous targets for future resource drilling. Satellite imagery has highlighted the potential of the Khartoum Project and has been used to map alteration and structure. Exploration to date suggests potential for a very large low grade tin mineralised system based upon the areal extent of greisen tin mineralisation discovered within the project area, and the reported results of the Company's geological mapping, sampling and drilling program.

The entire Khartoum EPM 14797 was renewed during the year and infill soil sampling undertaken in the south east of the tenement, following up anomalies from previous soil sampling. Additional soil sampling was also undertaken on Chillagoe Formation sediments in the central south of the tenement. Tin results from the Right Bower prospect map a sinuous 2.5km east trending zone of plus 200 ppm Sn in soil associated with Hodgkinson Formation sandstones near the faulted contact with the Carboniferous Giblets Granite.

A group of NE and NW trending linear greisens have been mapped in the area that appear to be the source of the soil anomaly. Tin results also map a coherent 1.4km x 1.0km anomalous zone (up to max 1,151ppm Sn) at the Excelsior prospect coincident with several small abandoned hard rock tin mines. The potential of the project area to host economic tin-tungsten mineralisation continues to improve with ongoing exploration.

The Khartoum tin project has attracted significant interest in recent times because of the rebound in price of tin metal. The project targets a potential world-class tin deposit* hosted by extensive low grade (0.2%-0.3%Sn) greisen style mineralisation covering an area exceeding 50km². There is also potential for base metal (Cu-Pb-Zn) mineralisation in areas marginal to the tin-bearing granite.

*(*JORC Footnote: There has been insufficient exploration undertaken to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.)*

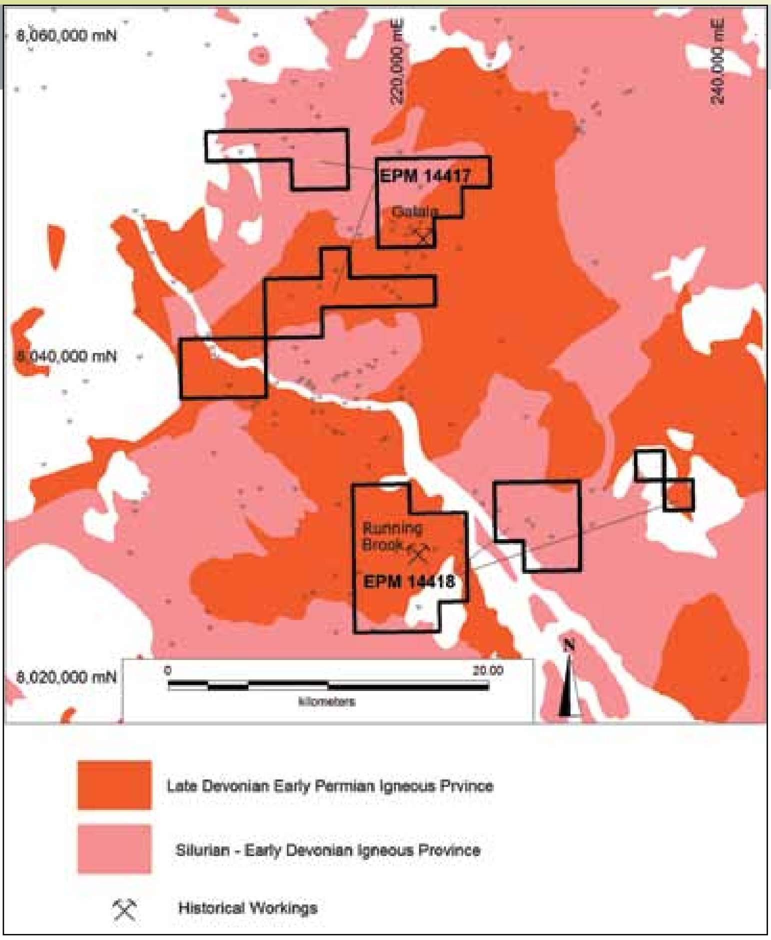
Lyndbrook Project

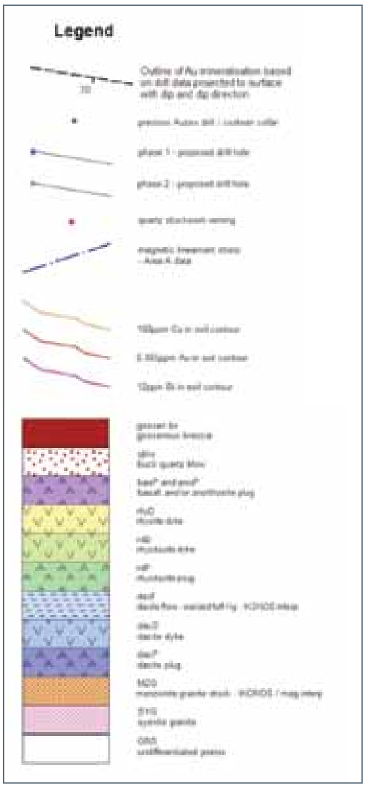
The Lyndbrook group of tenements are located in North Queensland, 150km south-west of Cairns and were originally highlighted by the Company's prospectivity modelling studies. Key targets within this group of tenements are the Runningbrook Au-Cu prospect and Galala Range Mo (Au, W) prospect.

Runningbrook Cu-Au prospect

The Runningbrook prospect is located 35km north of Mt Surprise. Gold mineralisation is hosted by granodiorite and granite and was initially targeted because of its geological similarities with the successful Kidston gold mine (4.5Moz). The Kidston deposit was used as a training data set for the Company's spatial and prospectivity modelling.

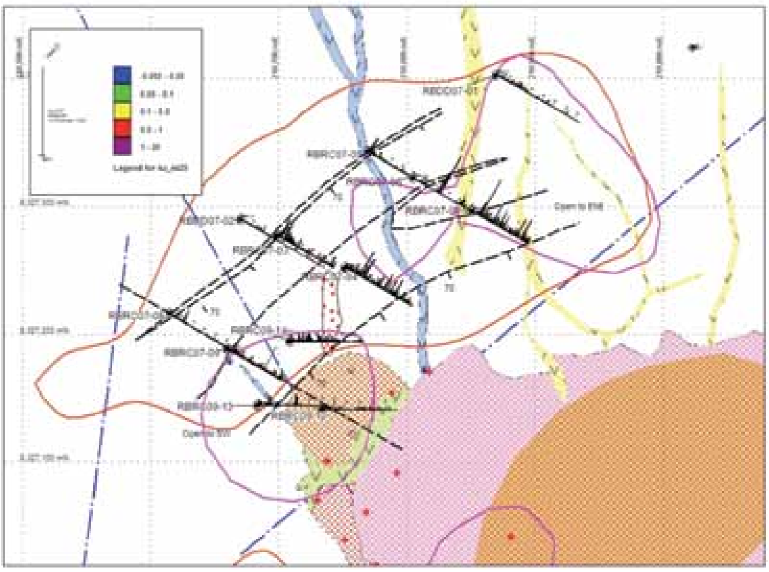
Initial soil sampling identified a circular gold and copper approximately 1500m in diameter with the Cu (+150ppm) anomaly partially overlapping the northern portion of the +300ppb gold zone (see figure). Four trenches were excavated to provide geological information to target scout drilling. Gold assays included 150m at 0.26g/t Au, including 22m at 0.48ppm Au and 16m at 0.534ppm Au, 62m at 0.198ppm





Au and 4m at 0.489ppm Au. One trench was dug across the copper soil anomaly and returned 20m at 923ppm Cu and 14m at 1104ppm Cu. Drill testing of the trench results consisted of 9 RC holes and 2 HQ diamond holes, for a total of 1196.7m (896m RC, 300.7m DD). The drilling intersected wide zones of low grade gold mineralisation similar if not slightly higher grade and wider than the trenches.

Gold mineralisation appears to be associated with minor quartz, bismuth, arsenopyrite and pyrite veins in weakly altered gneiss. The widths and continuity of the low grade mineralisation



Running Brook prospect geology, soil geochemistry and drillhole traces

suggests that a large-scale gold enriched hydrothermal system related to a granite intrusion may have been active in the area. Finding this source remains a priority for follow-up exploration.

Mapping during the previous year focussed on the north-western portion of the gold soil anomaly and confirmed the presence of geological features consistent with the Kidston gold deposit model. A three hole reverse circulation (RC) drilling program (340m total) was also completed to test for higher grade extensions to wide zones of low grade gold mineralisation associated with quartz stockwork and chlorite, sericite and K-feldspar alteration intersected during the previous drilling program.

The best result was an intersection of 115m at 0.11g/t gold in drillhole RBRC09-14, which is comparable to the wide zones of low grade gold reported previously (best 120m at 0.17g/t gold). This anomalous gold zone extends over a 300m length with a width exceeding 50m and is open along strike and at depth. Results from the drilling indicate the granite stock is also mineralised, and to date, as drilling has focussed on the exocontact of the intrusive this target remains untested.

Galala Range Mo-W-Au prospect

The Galala Range prospect occurs within a large alteration system forming a NE trending zone of sericite-silica alteration measuring 6km x 4km. Mineralisation consists of 0.5cm to 1.5m wide flat-dipping quartz veins within a sericite-silica altered biotite-muscovite granite. A review of the geology suggests the source of the metals is interpreted to be a shallow buried Late Carboniferous granite. The project has the potential for a range of metals including, gold, tungsten and molybdenum. The company is currently carrying out an independent review of the project, which will assess potential development options.

New England Region – Southern QLD, Northern NSW

Kingsgate Molybdenum-Bismuth Project, Glen Innes, NSW (Auzex 100%)

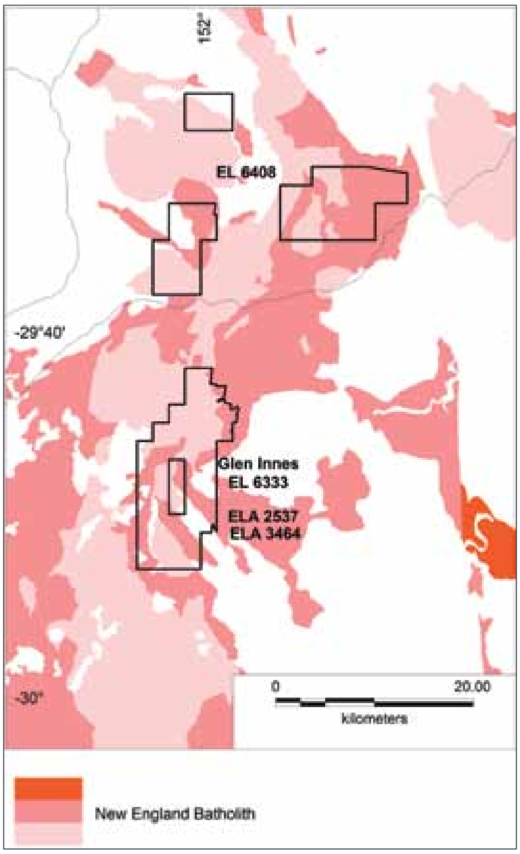
The Kingsgate Mine, located 20km east of Glen Innes in northern New South Wales, was the second largest producer of molybdenum in Australia between the 1880s and 1920s, with little exploration of the area since and no drilling prior to Auzex acquiring the project. A feasibility study for development of the Kingsgate project was completed in December 2008 that provided sufficient encouragement to progress the development of the project. The project has remained dormant during the year under review due to the company's focus elsewhere. Renewed effort to attract strategic and financial investors internationally, including mining companies, product end-users and private equity, will be made during the current year to assist in the development of Kingsgate. Auzex is assessing its options regarding progressing development of the project.

Klondyke/Seven Hills Gold (Au) Prospect (Auzex 100%)

The Klondyke and Seven Hills gold prospects (EL6408) are located approximately 50km northeast of Glen Innes in northern New South Wales. Exploration to date has identified two Intrusion Related Gold Deposit (IRGD) targets in the region. The first is at the historic Klondyke Reef mine where high grade, narrow vein (up to 5m) gold mineralisation can be followed up to 900m along strike and has been worked to a depth of 210m. The second target is for disseminated gold mineralisation associated with an ellipsoidal northwest trending dome-shaped felsic zoned pluton. This target, which is not exposed at surface, is approximately 9km x 2km in size. Previous drilling by Auzex at Seven Hills, 10km to the west of Klondyke, intersected a number of discrete zones of gold mineralisation in greisen, including 13m at 8.55 g/t Au, 8m at 2.80 g/t Au, 11m @ 2.05g/t Au and 5m at 3.54 g/t Au that relate to this regional target.

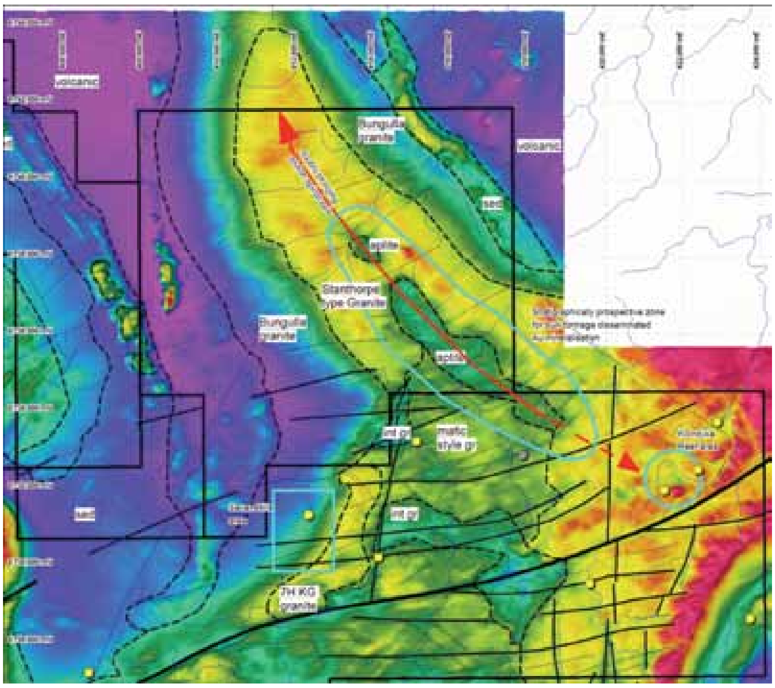
Drilling was completed at the Klondyke Gold Prospect during the year, with four holes completed on three sections for a total of 354m. Drilling was designed to test the geological model predicting the presence of the roof zone of prospective fractionated Stanthorpe Granite at the junction or below the Klondyke reef system (particularly the western and central portions of the southernmost English Syndicate Reef). Narrow sulphide rich greisen veins similar to those mined in the historic workings were intersected in all holes. The veins are 1-2m wide and dip 80 to 85o south and are a similar style of mineralisation to that found at Seven Hills. The results from the first hole, KDRC09-01 returned 2m at 2.8 g/t Au from 57-59m (with 1m at 4.1 g/t Au from the main greisen) over an 8m zone of low grade gold around the greisen vein. The roof zone of the target granite, where the gold bearing greisen veins are expected to increase in width, was not intersected in any of the 4 holes, which means the first target remains untested.

One drill hole was also planned to intersect the Zoned Pluton mapped by a recent magnetic survey. The drill hole was planned to intersect prospective felsic core granite near the interpreted centre of the doubly plunging zoned pluton.



The original target depth (100m vertical) was extended to +150m as the target granite was not intersected. The hole was completed at 138m with the target granite still not intersected. The assay results returned significantly anomalous gold up to 50 ppb Au in granite that should have no elevated gold values. The anomalous gold may be sourced from the underlying target granite, which is interpreted to host the greisen associated gold mineralisation at Seven Hills and Klondyke.

The results confirm the area hosts significantly anomalous gold bearing granite units that require follow-up exploration. Mapping of the 3D geology of the granite units is critical for targeting zones of economic mineralisation. We are currently considering options to collect these data.



Klondyke Gold Prospect structural interpretation based on Company airborne magnetics showing the zoned pluton from peripheral mafic granite to fractionated felsic aplite outlining a doubly plunging pluton roof zone.

There are nine historical gold occurrences and one molybdenum occurrence (yellow and grey dots).

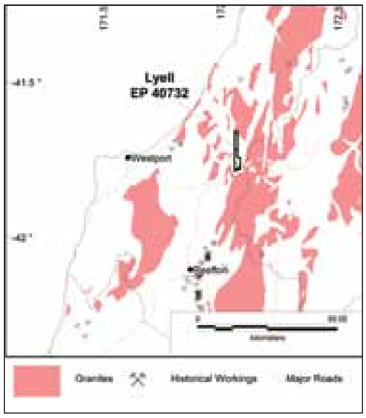
New Zealand

Auzex Resources Limited's wholly-owned subsidiary, Auzex Resources (NZ) Pty Ltd (Auzex NZ), has a Joint Venture Agreement with New Zealand Minerals Ltd (NZML) over the historic Lyell Goldfield on the west coast of the South Island. There is only one tenement remaining within the joint venture, but significant potential exists to warrant exploration expenditure.

Lyell Goldfields, New Zealand (Auzex NZ 58%, NZML 42%)

The Lyell project area is located near the town of Westport on the west coast of the South Island of New Zealand. Gold bearing quartz lodes have been worked at Lyell over a strike length of 5km. The most profitable and greatest producer in the Lyell Goldfield was the Alpine United gold mine, which operated until the early 1900s producing 96,500 ounces at an average grade of 16 g/t gold.

Despite the extent of the old workings, no modern exploration has been conducted on the project. The Lyell permit area covers the northern extension of the mesothermal Reefton Goldfield that has historically produced 2.1 Moz gold. The style of disseminated gold mineralisation associated with quartz veins that is currently being mined at the near by Globe Progress mine, also has the potential to be present in the Lyell area. The main workings at Lyell are located in the middle of an anticline fold-hinge, which is part of the large-scale Lyell Synclinorium. Best gold grades are found where E-W striking, north-dipping faults cross-cut the fold hinge, leading to steeply north-plunging ore shoots that have been mined to a depth of one kilometre.



The Lyell exploration permit has been renewed for an additional five years by Crown Minerals and an agreement was reached with the Department of Conservation (DoC) regarding approval for a six hole program over the Lyell gold soil anomaly. This program was completed during the June Quarter of this year and was

AUZEX **KEY METALS**

undertaken to test the coincident gold-arsenic soil geochemical anomaly which extends over a length of 3000m with a width of 200m. Total production for the completed program was 753m from six diamond drill holes. The best drill assay results from core included 2m at 4.60 g/t Au, 1m at 1.66 g/t Au and 1m at 1.23 g/t Au in three holes associated with arsenic alteration and quartz veins. The highest gold grades are correlated with a combination of faulting, thin quartz veining and strong limonite oxidation (after sulphide). The mineralised zone is highly anomalous in arsenic, which is an element associated with gold mineralisation in this style of deposit. These intersections confirm that higher gold grades are present at Lyell as alteration to the main high grade mineralised quartz veins that were mined historically. The drilling has identified a large highly anomalous halo of arsenic around a major north trending structure with gold grades increasing to the west of this structure. The major north trending soil gold anomaly present in this area will be the target for additional drilling tentatively planned for the 2011/2012 summer field season.

Auzex's key metals (listed below) are denominated in United States Dollars (USD or US$). Although metal prices are exhibiting volatility in the current global market, a much greater volatility is shown by the Australian Dollar (AUD or A$) than the underlying metal price, partly because the A$ is seen as a commodity currency and is sensitive to global events. During the FY2010/2011 the A$ ranged between US$0.8366 and $1.0939 and is currently (October 2011) approximately US$1.02. The A$ tends to act as a buffer to movements in the price of commodities produced, particularly gold; that is if USD gold price increases, the AUD:USD exchange rate also increases.

Gold (Au)

Gold is a heavy, soft, ductile, malleable metal. This precious metal is used in jewellery, plating, electronics, and dentistry and in the chemical industry. Throughout history gold has been a concentrated form of wealth and is still today viewed more as a currency than a commodity. The foremost use of gold is for monetary purposes forming a large part of many countries' National Reserves. Recent price increases have largely been the result of a re-evaluation of the metal's importance in the international economic environment. The price moved between US$1150oz and US$1490oz during the 2010/2011 year and currently (October 2011) is US$1620oz with an all time high of US$1900oz being achieved in late August 2011.

Silver (Ag)

Silver is a soft white lustrous transition metal, it has the highest electrical and thermal conductivity of any metal and occurs in minerals and in free form. This metal is used in coins, jewellery, tableware, electronics, and in mirrors. A major application in photography has been superseded by digital cameras.

Silver is a very ductile and malleable (slightly harder than gold) univalent coinage metal with a brilliant white metallic lustre that can take a high degree of polish. It has the highest electrical conductivity of all metals, even higher than copper, but its greater cost and tarnishability has prevented it from being widely used in place of copper for electrical purposes. Pure silver also has the highest thermal conductivity, whitest colour, the highest optical reflectivity, and the lowest contact resistance of any metal. Silver halides are photosensitive and are remarkable for the effect of light upon them. Silver price has ranged between US$17.50oz and US$48.50oz over the last year, and is currently (October 2011) approximately US$31.00oz.

Tin (Sn)

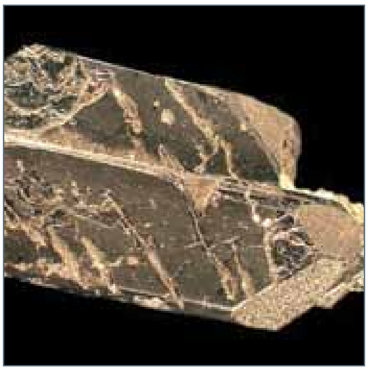
Tin is a silver-white metal which is soft, highly ductile and malleable, and valued for its non-toxicity, resistance to corrosion, and its ready ability to alloy, solder and coat other metals. Its principle uses are in tinplate (coating steel), as an alloy in solders, bronzes, brass and pewter, and, in compound form, in chemicals. Recent growth in tin consumption (and the corresponding increase in tin prices on the London Metal Exchange) has largely come from the Chinese electrical appliance and electronics industries, and construction (piping and plumbing) industries.

Tin occurs as an oxide, cassiterite, in nature with predominantly hard-rock deposits in South America and Australia, and alluvial deposits in China and South-East Asia. Global supply is of the order of 350,000 tonnes per year, with China, Indonesia and Peru accounting for 80% of production.

Much of the world's production is dependant upon small artisanal miners working alluvials. China, Brazil and Malaysia hold the majority of the world's known resources.

Following the demise of the International Tin Council in 1985, sustained low prices led to prolonged under-investment and the decline of the tin industries of Malaysia, Thailand, Bolivia and Brazil. Today, tin's market strength is underpinned by increasing demand and decreasing sources of supply. Tin's price has fluctuated between US$17,000mt and US$33,000mt during the last year and currently (October 2011) is approximately US$21,500mt.

Tungsten (W)



Tungsten is a grey-white hard, brittle metal, with a high melting point (3410C), and always occurs as an oxide in nature. The main end-use for tungsten is in the manufacture of cemented carbides (or hard metals), alloys in the steel industry (particularly stainless steel), a replacement for lead core bullets, electrical contacts and chemical applications (catalysts, pigments). In recent times, increased demand from developing countries in Asia has constricted supply, but Western off take has been negatively affected by the replacement of W filament light globes with fluorescent alternatives. Price based on tungsten APT has ranged from US$22,000mt to US$47,500mt, and currently (October 2011) is approximately US$45,500mt.

Molybdenum (Mo)

Molybdenum occurs in nature as molybdenite, a soft, lustrous silver grey flaky metal commonly occurring as a by-product in porphyry copper deposits. The primary uses of the metal are in alloys in the steel industry, particularly stainless steel, and superalloys (i.e. aerospace), which utilise the metal's unique properties of enhancing strength, weldability, elevated temperature strength and corrosion resistance. It is also the key component in catalysts which help remove the sulphur out of sour crude oils and gas. Demand and subsequently prices for molybdenum have increased significantly in recent years. This is largely due to an increased demand for stainless steel, particularly from China, but is also due to increased activity in the world oil industry. Due to its low-corrosive properties, molybdenum is used in oil and gas pipelines, associated

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Bismuth (Bi)

Bismuth is a brittle metal which often occurs in very small quantities within ores of other metals such as gold, silver, lead, zinc and tungsten. The most common bismuth minerals are bismuthinite (Bi2S3) and bismite (Bi2O3).

Unlike many metals, bismuth has a low toxicity and is often used as a replacement for lead. The metal's unique properties include low thermal conductivity, high electrical resistance and highly diamagnetism, increases in volume when solidified and is non-carcinogenic.

Key uses include additions to steel and aluminium alloys, malleable iron castings and pharmaceutical (used in stomach ulcer remedies) and cosmetic (lipstick) applications. Also, due to its low melting point, bismuth is used in alloys within electrical fuses and in automatic fire alarm and sprinkler systems. For example, fire alarm plugs made of such alloys melt from the heat of the fire which then turns on the systems. Bismuth can also be used in nuclear reactors as both a carrier of uranium and as a liquid metal coolant, such as lead-bismuth.

In the early 1990s, research began on the evaluation of bismuth as a non-toxic replacement for lead. By 1998, many US government authorities required lead-free plumbing equipment for new installations and repairs of facilities providing potable water. Similarly, recent international agreements involving Europe, Japan and North America to eliminate lead from solders and replace lead in pigments have increased the focus on low toxic alternatives. These issues have significantly increased bismuth demand and the metal continues to replace lead in such uses as ceramic glazes, fishing sinkers, lubricating greases and food processing equipment. As a result of bismuth being an environmentally friendly substitute for lead, demand has increased significantly in recent years. Buyers of the metal are becoming increasingly concerned over future supply with no new production expected for at least another two years.

China is the world's largest producer of bismuth, with more than half of that production resulting as a by-product of tungsten production. Other major producers are Mexico, Peru, Canada and Kazakhstan.

Ongoing supply restrictions out of China are causing shortages. It is estimated that annual world bismuth consumption exceeds 9,000 tonnes and is growing at a considerable rate. Price over the last financial year has been less volatile than molybdenum, but nevertheless pressured due to the economic conditions. The metal's price range during the last year is US$21,600mt to US$24,900mt and currently (October 2011) is approximately US$27,300mt.

New applications and increased demand from China are likely to fuel the bismuth market in the near future. With limited new production in the pipeline over the next few years, it is unlikely the price will retrace its recent gain in the medium term. Bismuth can be substituted by other metals in certain applications, such as solders, pigments and specific alloys. However, the focus on the "green" benefits of using bismuth should ensure the metal's bright future is assured.

auzex RESOURCES LIMITED

OUR **PEOPLE**

From left: Chris Baker, John Lawton, Eugene Iliescu, Greg Partington, Paul Frederiks,

Directors

Chris Baker – Non-Executive Chairman

Chris holds a BSc (Hons) in Mineral Technology (1976), and an MBA (1994) from Otago University (NZ). He is a member of the Institute of Directors (IOD)(NZ), and a Fellow of the Australasian Institute of Mining and Metallurgy.

Chris has over 30 years experience in the mining industry in Australia and New Zealand, in operating and corporate governance roles.

Current positions include: CEO of Straterra, a group that represents the resources sector in New Zealand, Chairman of the Coal Association of New Zealand, Executive Chairman of the NZCCS Partnership, Director of the Canberra based CO2CRC (Cooperative Research Centre for Greenhouse Gas Technologies).

John Lawton – Managing Director

John is a founding director of Auzex and has been continuously associated with the minerals industry for 38 years, predominantly within and throughout Australia. During that time he has been directly involved with most aspects of the industry from exploration and development, to corporate management.

John was a co-founder and executive director of Ross Mining NL throughout its existence from incorporation in 1986 to merger in 2000. Ross developed and operated seven gold mines in central Queensland, New South Wales and Solomon Islands, and had a reputation for innovative low-cost production from low-grade deposits.

John is an economic geologist by profession and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), the Geological Society of Australia (GSA) and the Australian Institute of Company Directors (AICD). John is also Chairman of Peninsula Goldfields Pty Ltd.

Eugene Iliescu – Non-Executive Director

Eugene has extensive experience in operations management and project development; most notably with Ross Mining in the Gold Ridge gold mine in the Solomon Islands, with Duke Energy in the development of the Bass Strait Tasmanian Natural Gas Pipeline, and the Geodynamics geothermal project in South Australia. He held the position of Managing Director for Ronphos's phosphate operations in Nauru, held senior management positions in Petrogas and a copper mine in the Middle East.

Prior to the current appointment Eugene was Managing Director for Auzex from March 2009 until early 2010, and prior to this appointment provided consultancy services in the resource sector servicing Australia, Pacific and Middle East companies.

Eugene is currently a Non-Executive Director of Kenex Pty Ltd.

An Engineering Surveyor by trade he has a Degree in Social Science and Diploma in OH&S.

Greg Partington – Executive Director of Operations

Dr Greg Partington is a founding director of Auzex and is also a the Managing Director of his own company, Kenex Pty Ltd, based in New Zealand and Western Australia, focusing on creating business opportunities in the spatial world.

Greg has thirty years experience in the exploration industry in Australia, Pacific Islands and Melanesia where he worked as the exploration manager for Northern Gold and general manager, exploration for Ross Mining NL. He also has eleven years experience in developing earth science geographic information system (GIS) databases, for use in exploration targeting and resource development.

Greg has expertise in mineral exploration, structural geology, database development and management, spatial analysis of data using GIS, and business management.

He has focused on gold exploration, but has experience in tin-tantalum deposits and platinum exploration. Greg is a member of the Australian Institute of Geologists and the Australasian Institute of Mining and Metallurgy

Paul Frederiks – Non-Executive Director and Company Secretary

Paul Frederiks has extensive experience in public company financial and secretarial management with more than 28 years experience in the Australian resources sector.

He held the position of Company Secretary and Chief Financial Officer of Ross Mining NL for over eight years until 2000. He also has expertise in ASX listed public company reporting, financial modelling and forecasting, treasury management and hedging, project financing and corporate governance.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 2004 and assisted Billabong in its successful float on the Australian Securities Exchange in August 2000. He is currently Company Secretary of the listed company Geodynamics Limited. He was formerly a non-executive Director of the listed company China Steel Australia Limited.

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.

FINANCIAL REPORT **2011**

Contents

auzex RESOURCES LIMITED

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Directors' Report

Your Directors submit their report for the year ended 30 June 2011. The names and details of the Directors of Auzex Resources Limited (Auzex) in office at any time during or since the end of the financial year are:

Chris Baker Age 57

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

Non-executive Chairman

Chris holds a BSc (Hons) in Mineral Technology (1976), and an MBA (1994) from the University of Otago, New Zealand. He is a member of the Institute of Directors (NZ), and a Fellow of the Australasian Institute of Mining and Metallurgy.

Chris has 30+ years experience in the mining industry in Australia and NZ, in operating and corporate governance roles. Current positions include: CEO of Straterra, a group that represents the resource sector in New Zealand; Chairman of the Coal Association of New Zealand; Executive Chairman of the NZCCS Partnership; Director of the Canberra based CO2CRC (Cooperative Research Centre for Greenhouse Gas Technologies).

John Lawton Age 62

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

Managing Director

John Lawton is a founding director of Auzex and has been continuously associated with the minerals industry for 38 years, predominantly within and throughout Australia. During that time he has been directly involved with most aspects of the industry from exploration and development, to corporate management.

John was a co-founder and executive director of Ross Mining NL throughout its existence from incorporation in 1986 to merger in 2000. Ross developed and operated seven gold mines in central Queensland, New South Wales and Solomon Islands, and had a reputation for innovative low-cost production from low-grade deposits.

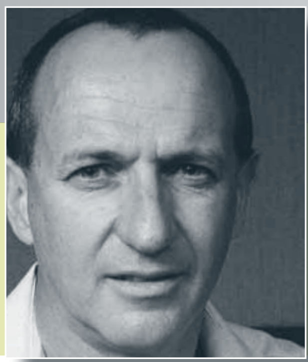
Between 1972 and 1986, John was involved as an exploration geologist throughout Australia for a range of commodities including gold, copper, lead, zinc, tin, tantalite and uranium. John is also Chairman of Peninsula Goldfields Pty Ltd.

Eugene Iliescu Age 57
Eng Surveying, Cert. GradDipSocSc, Dip OH&S

Non-executive Director

Eugene has extensive experience in operations management and project development; most notably with Ross Mining in the Gold Ridge gold mine in the Solomon Islands, with Duke Energy in the development of the Bass Strait Tasmanian Natural Gas Pipeline, and the Geodynamics geothermal project in South Australia. He held the position of Managing Director for Ronphos's phosphate operations in Nauru, held senior management positions in Petrogas and a copper mine in the Middle East. Prior to the current appointment Eugene was Managing Director for Auzex from March 2009 until early 2010 and prior to this appointment provided consultancy services in the resource sector servicing Australia, Pacfic and Middle East companies.

Eugene was formery the Managing Director of Gentor Resources LLC during 2010-11 and currently holds a part time position as Director of Operations of Gentor Resources LLC and is a Non-Executive Director of Kenex Pty Ltd.



Gregor Partington Age 53
Ph.D MAusIMM

Executive Director

Dr Gregor Partington is another founding director of Auzex and is also the Managing Director of his own company, Kenex Knowledge Systems Ltd, based in New Zealand and Western Australia, focusing on creating business opportunities in the spatial world.

Greg has 30 years experience in the exploration industry in Australia, Pacific Islands and Melanesia where he worked as the exploration manager for Northern Gold and General Manager, exploration for Ross Mining NL. He also has eleven years experience in developing earth science GIS databases for use in exploration targeting and resource development.

Greg has expertise in mineral exploration, structural geology, database development and management, spatial analysis of data using Geographic Information Systems (GIS), and business management. He has focussed on gold exploration, but has experience in tin-tantalum deposits and platinum exploration.

Paul Frederiks Age 50
B.Bus. (Acc), FCPA, FCIS, FAICD

Non-executive Director and Company Secretary

Paul Frederiks has extensive experience in public company financial and secretarial management with more than 28 years experience in the Australian resources sector.

He held the position of Company Secretary and Chief Financial Officer of Ross Mining NL for over eight years until 2000. He also has expertise in ASX listed public company reporting, financial modelling and forecasting, treasury management and hedging, project financing and corporate governance.

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 2004 and assisted Billabong in its successful float on the Australian Securities Exchange in August 2000. He is currently Company Secretary of the listed company Geodynamics Limited. He was formerly a non-executive Director of the listed company China Steel Australia Limited (from December 2007 to February 2011).

All of the above named Directors acted as Directors of the Company for the whole of the financial year under review and up to the date of this report.

CORPORATE STRUCTURE

Auzex Resources Limited is a company limited by shares, incorporated and domiciled in Australia. It listed on the Australian Securities Exchange on 4 October 2005 under code AZX. Its registered office is Level 16, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000.

EMPLOYEES

The Group had four full time employees as at 30 June 2011 (2010: four employees).

PRINCIPAL ACTIVITIES

Auzex Resources Limited is an active mineral exploration and development company with land holdings in West Australia, North Queensland, West Coast New Zealand and New England (NSW). The Company holds six significant projects: Bullabulling Gold, Khartoum Tin, Kingsgate Molybdenum-Silica-Bismuth, Runningbrook Gold, Seven Hills Gold and Lyell Gold projects. The total number of tenements is 45 granted and 12 application licences, most of which are located at the Bullabulling project. All Bullabulling tenements are held 50% by Auzex; other Australian tenements are held 100% by Auzex, and in New Zealand its wholly owned subsidiary, Auzex Resources (NZ) Pty Ltd (Auzex NZ) holds a 58% interest in the West Coast New Zealand tenements with Auzex NZ being the operator.

During the year ended 30 June 2011, the Company's focus has been its 50% interest in the Bullabulling Gold Project in the Eastern Goldfields of WA which has commenced feasibility studies due for completion in 2012.

REVIEW AND RESULTS OF OPERATIONS

The Group realised an operating profit before tax for the financial year as set out below:

	2011 $	2010 $
Operating profit/(loss) before income tax expense	(2,018,777)	192,976
Net profit/(loss) attributable to members of Auzex Resources Limited	(2,018,777)	192,976
Earnings per Share	(cents)	(cents)
Basic and diluted profit/(loss) per share	(2.4)	0.5

In the 12 months to June 2011, Auzex has made considerable progress. The key achievements and progress made during the period were as follows:

- Completion of the acquisition of the Bullabulling Gold Project in joint venture with Central China Goldfields Plc (since renamed GGG Resources Plc), through a sale and purchase agreement with Jervois Mining Ltd and its subsidiary.
- Geological mapping and diamond drilling to determine the structure of Bullabulling mineralisation.
- A JORC compliant resource estimate of 1.98 Moz was established in August 2010 from a detailed assessment of the acquired database, an increase of 450% over the previous estimate of 430,000 oz.
- A resource drilling program of approximately 35,000m to upgrade and increase this resource was completed in May 2011, providing a new estimate of 2.60 Moz in August 2011. This work has focussed on the 6.0km long mineralised zone called the Bullabulling Trend.
- Metallurgical studies of primary mineralisation have indicated excellent recoveries (92-95%) from a standard carbon-in-pulp (CIP) process, and engineering design optimization studies to determine the plant throughput rate (currently estimated in the range 5.0-7.5MTpa) are nearing completion.
- Semi-detailed studies of plant capital and operating costs have been undertaken to establish the project financials, with estimates expected to be available during the December quarter of 2011.
- Completion of a diamond drilling program at the Lyell gold project in New Zealand during the 2010-2011 summer field season.
- Two oversubscribed capital raisings were completed during FY2011, a rights issue raised approximately $3.6M in August, and a placement raised $6.7M in November 2010 before costs.

DIVIDEND

The Directors do not propose to recommend the payment of a dividend in respect of the year ended 30 June 2011.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares of Auzex Resources Limited were:

Director	Quoted Fully paid Ordinary Shares	Quoted Options over Ordinary Shares	Unquoted Options over Ordinary Shares
J. Lawton	7,171,689	55,556	782,609
E. Iliescu	1,850,534	153,889	104,348
G. Partington	1,205,310	197,371	652,174
C. Baker	388,817	47,415	104,348
P. Frederiks	1,012,505	95,025	300,000

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- Shareholders' contributed equity increased from $20,097,938 to $30,038,612, an increase of $9,940,674. The movement was predominantly as a result of capital raisings associated with funding the Bullabulling Gold Project in Western Australia.
- Total deferred exploration and evaluation expenditure capitalised increased from $10,052,904 to $15,456,298 primarily as a result of the resource drilling program on the Bullabulling Gold Project in the Eastern Goldfields of WA.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to the end of the financial year, the Company announced on 15 August 2011 that the Phase One drilling program at Bullabulling had delivered a 2.60 million ounce JORC compliant Resource. The Company advised that there is now less than 45,000m of infill drilling required to convert a significant portion of Inferred resources to Indicated resources. This infill drilling should be completed by the end of November 2011.

On 29 August 2011, the Company announced it had signed a binding Heads of Agreement (HOA) with GGG Resources plc to combine the Bullabulling Gold Project under a single corporate entity to be named Bullabulling Gold Limited (BBG) through an all-scrip merger of equals which will be Australian domiciled and listed on the ASX and AIM. The Company highlighted that it would involve the creation of an advanced exploration/pre development gold-focussed company, BBG, which owns 100% of the Bullabulling Gold project, located 65km south-west of Kalgoorlie, Western Australia and would be a merger of equals with Auzex and GGG shareholders owning 50% each of BBG subject to adjustment for cross share holdings and relative cash holdings. In addition there would be a unified management team with sole focus on the development of Bullabulling with the dual listing on the ASX and AIM providing global access to capital markets. As part of the transaction, Auzex would demerge its non-Bullabulling assets. The Company advised that Auzex and GGG would finalise a formal merger implementation agreement reflecting the terms of the HOA within 21 days with other key steps being that:

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

Other than the matters referred to above, there has not arisen between 30 June 2011 and the date of this report any item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The activities of the Company will be focussed on successfully completing the merger between Auzex and GGG, and progressing the development of the Bullabulling Gold Project during the 2012 financial year. Directors believe that, subject to a capital raising during the December Quarter 2011, sufficient funds will be available to complete the feasibility study without further capital raisings during this time. Attention will be given to demerging the Company's non-Bullabulling exploration projects including the Khartoum tin project and the Kingsgate molybdenum-silica-bismuth project into a new company which will be subject to an IPO and listing on ASX.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

Auzex Resources Limited is committed to the effective environmental management of all its exploration and development activities. The Group recognises that its field exploration is a temporary land use, and is associated with a range of potential environmental impacts. Prior to commencement of operations, site planning must recognise these potential impacts and lead to the development of effective strategies for their control. During operations, the successful implementation of these strategies is a principal objective of site management. Following decommissioning, the site must be left in a safe and stable state, with all disturbed land successfully rehabilitated to an agreed standard. The Company has an Environmental Policy in place that explains the site requirements to achieve these objectives including operating in accordance with a site environmental management plan and identification and management of environmental risk and liability. The Company's activities are subject to compliance with various laws including State and Commonwealth laws relating to the protection of the environment and aboriginal culture and heritage, native title and exploration for minerals. At the time of writing, the Group was not in breach of any environmental regulations regarding any field work undertaken on its exploration tenements.

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and Executive remuneration arrangements of the Company and the group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, key management personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the group, directly and indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and group receiving the highest remuneration. For the purposes of this report, the term 'executive' encompasses the Non-executive Chairman, Managing Director, Operations Director and Non-executive Directors and Company Secretary of the parent and group.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives. To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive salaries to attract high calibre executives;
- Links executive rewards to shareholder value through the issue of share options;
- Establishes appropriate performance hurdles under its share option scheme through key corporate milestones that are integral to the Company successfully completing its business plan.

The Board collectively develops and assesses the remuneration policy and practices of the Directors, Managing Director (MD) and Senior Executives who report directly to the MD.

Such assessment will incorporate the development of remuneration polices and practices which will enable the Company to attract and retain executives who will create value for shareholders. Executives will be fairly and responsibly rewarded having regard to the performance of the Company, the performance of the executive and the general market environment.

The Board undertakes its own self evaluation annually and considers attributes such as the qualitative and quantitative nature of the review, and the mix between total Board review and individual Director review.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Senior executive remuneration is separate and distinct.

Non-executive Director Remuneration

Objective - The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure - The Constitution of Auzex and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held in November 2010 when shareholders approved an aggregate remuneration of $150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. The amounts are set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Group's business plan.

Each Non-executive Director receives a fee for being a Director of the Company. No additional committee fees are paid to any Director. The current fee structure is to pay Non-executive Directors a base annual remuneration of $42,000 p.a. There are no retirement benefits offered to Non-executive Directors other than statutory superannuation which is in addition to these amounts.

Non-executive independent Directors are also encouraged by the Board to hold shares in the Company. It is considered good governance for Directors to have a stake in the Company on whose Board he or she sits. The remuneration of Non-executive Directors for the period ending 30 June 2011 is detailed in Table 1 of this report.

REMUNERATION REPORT (Audited) continued

Executive Director and Senior Management Remuneration

Objective - The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward Executives for Company, business division and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure - The Executive Directors' and key Executives' emoluments are structured to retain and motivate Executives by offering a competitive base salary together with performance incentives through share options which allow Executives to share in the success of Auzex Resources Limited. The performance incentives are based on significant rising share price hurdles for each tranche of options granted. For example for all options issued to Key Management Personnel prior to the listing of the Company, the first tranche has an exercise price of 75 cents and the second tranche has an exercise price of $1.00 as compared to the effective price of shares at the time of issue being 50 cents.

The Company's Managing Director and Operations Director remuneration packages are formalised in service agreements.

Remuneration consists of the following key elements:

- Fixed Remuneration – Base salary and superannuation;
- Variable Remuneration – Short term incentive payable in cash at the end of the financial year (for the Managing Director only);
- Variable Remuneration – Share Options.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. The Board has access to external advice independent of management.

Due to the uncertainty of the future growth projections of the Company, Senior Executives receive their fixed (primary) remuneration in cash. The fixed remuneration component of the 5 most highly remunerated Senior Managers (only one such individual at 30 June 2011) is detailed in Table 2 of this report.

Variable Remuneration – Short Term Incentive

Objective - The objectives of the Short term incentive are to:

- Reward the Managing Director for his contribution in ensuring that Auzex Resources achieves its corporate key deliverables;
- Enhance Auzex attracting and retaining high calibre and high performing employees; and
- Link remuneration directly to the achievement of key annual organisational objectives.

Structure – The Company currently has only implemented the Short Term incentive at this stage for the Managing Director but is considering implementing it for full time employees in the future. A maximum of 20% of annualised fixed remuneration, adjusted in size according to the achievement of key Company Business Plan milestones in a year would be paid.

Variable Remuneration – Long Term Incentive - Share Options

Objective - The objective of the Auzex Resources Option Plan is to retain, motivate and reward senior Executives and staff in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure – Variable remuneration is delivered to executives in the form of share options.
The Company uses a Total Shareholder Return (TSR) as the performance hurdle for the Auzex Resources Option Plan as outlined below. The use of a TSR based hurdle is currently market best practice as it ensures an alignment between comparative shareholder return and reward for executives. The Board considers at this stage in the Company's development, that share price growth itself is an adequate measure of TSR. A performance hurdle against profit is considered inappropriate as the Company is not generating revenue and will not do so until a project is advanced to a production phase. Due to the long lead times in resource development, the Company considers that shareholder wealth in its current phase is created through share price growth.

The Company's vesting criteria and performance hurdles for the issue of new options to employees are as follows:

As to one third, 12 months after the date of grant subject to the volume weighted average price of the Company's shares on ASX for the 5 day period ending on the day before 12 months after the date of grant being 7% greater than the exercise price.

As to one third, 24 months after the date of grant subject to the volume weighted average price of the Company's shares on ASX for the 5 day period ending on the day before 24 months after the date of grant being 14.5% greater than the exercise price (7% compound over 2 years).

As to one third, 35 months after the date of grant subject to the volume weighted average price of the Company's shares on ASX for the 5 day period ending on the day before 35 months after the date of grant being 22.5% greater than the exercise price (7% compound over 3 years).

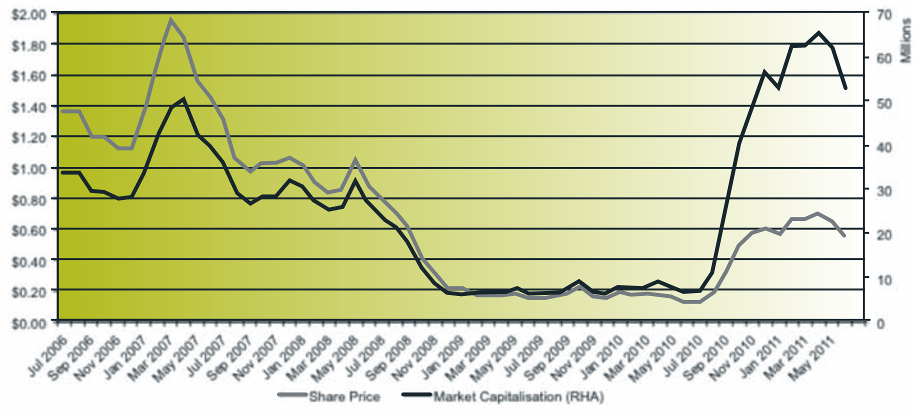
The exercise price for all options is the 5 day volume weighted average share price prior to the date of grant (or otherwise as specifically approved by shareholders). All options expire 36 months after the date of grant and options not exercised by the expiry date lapse.

REMUNERATION REPORT (Audited) continued

Relationship of rewards to performance

As discussed earlier, the Board considers at this stage in the Company's development, that share price growth itself is an adequate measure of TSR. Directors consider that the aforementioned performance hurdles under the Option Plan are fully aligned to TSR as the time based vesting criteria are inextricably aligned to TSR. The graph shows the performance of the Company as measured by its share price and therefore by definition its TSR. The profit/(loss) per share for the last five years was as follows: 2006/07 – ($0.04), 2007/08 – ($0.04), 2008/09 – ($0.144), 2009/10 - $0.005, 2010/11 – ($0.03).

Auzex Resources Limited Share Price and Market Capitalisation since July 2006



Hedging of shares and options risk

Currently no director or officer uses hedging instruments to limit their exposure to risk on either shares or options in the Company. The Company's policy is that the use of such hedging instruments is prohibited.

Employment Contracts

The Company's remuneration packages for the Managing Director (Mr John Lawton) and Operations Director (Dr Gregor Partington) are formalised in service agreements.

The Managing Director has a permanent employment contract with the Company to perform the role of Managing Director subject to an annual remuneration review. Under that contract, John 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 maxmium 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 FY11/12 comprise health safety and environment performance, shareholder value building, field execution delivery and organisational and capital effectiveness.

The Managing Director may terminate the agreement by one month's written notice if there is a change of control of Auzex and the Managing Director forms the reasonable opinion that he will not be able to implement his strategy or plans for the development of the Company or its projects. If the agreement is terminated by the Managing Director in either of those circumstances, the Company must pay the Managing Director, in addition to any period of notice (or in lieu of notice), the equivalent of seven months' salary. Otherwise, the Managing Director may terminate the agreement by six months' written notice. The Company may at any time terminate the employment of the Managing Director by paying twelve months salary or by giving twelve months notice.

The Operations Director has a permanent employment contract with the Company to perform the role of Operations Director subject to an annual remuneration review. Under that contract, Gregor Partington is entitled to receive annual remuneration including superannuation of $250,000.

The Operations Director may terminate the agreement by one month's written notice if there is a change of control of Auzex and the Operations Director forms the reasonable opinion that he will not be able to implement his strategy or plans for the development of the Company or its projects. If the agreement is terminated by the Operations Director in those circumstances, the Company must pay the Operations Director, in addition to any period of notice (or in lieu of notice), the equivalent of one month's salary for each year of employment or pro rata thereof. Otherwise, the Operations Director may terminate the agreement by six weeks written notice. The Company may at any time terminate the employment of the Operations Director by paying two months salary provided the Operations Director has been employed by the Company for no less than 12 months or by giving six weeks notice.

The Senior Project Geologist has permanent employment contract with the Company subject to an annual remuneration review. Under that contract the Senior Project Geologist is entitled to receive annual remuneration of $145,000. Either party

REMUNERATION REPORT (Audited), Employment Contracts continued

may terminate the agreement at any time by giving six weeks' notice or, in the case of the Company, with immediate effect by paying the executive three months' remuneration. In addition the Company may terminate the executive's employment at any time for misconduct or non-performance.

The Company Secretary operates a consultancy business providing Company Secretarial and Accounting services (see profile in Director's Report). He does not have an executive management role in the Company but takes responsibility for producing the financial accounts, managing cash flows and provides a governance overview and general counsel to the Company. His consultancy is paid for services on normal commercial terms.

Table 1 – Directors' Remuneration for the year ended 30 June 2011

		Short Term			Post Employ -ment	Share based payment		Total
Directors		Salary & Consulting Fees	Director's Fees	Non Monetary benefits	Super-annuation	Shares issued	Options (amortised cost)	
J. Lawton	2011	19,174	-	-	236,242	-	81,829	**337,245**
Managing Director	2010	50,459	-	-	75,502	135,000	-	**260,961**
E. Iliescu	2011	-	29,052	-	6,115	-	10,911	**46,078**
Non-executive Director	2010	16,972	-	-	34,861	105,500	26,667	**184,000**
G. Partington**	2011	202,920	-	-	29,163	-	68,191	**300,274**
Executive Director	2010	122,144	7,333	-	3,405	18,000	-	**150,882**
C. Baker*	2011	7,000	41,083	-	-	-	10,911	**58,994**
Non-executive Chairman	2010	-	13,333	-	-	18,000	-	**31,333**
P. Frederiks*	2011	65,575	35,167	-	-	-	31,368	**132,110**
Non-executive Director and Company Secretary	2010	38,145	13,333	-	-	50,000	-	**101,478**
Totals	***2011***	***294,669***	***105,302***	-	***271,520***	-	***203,210***	***874,701***
	2010	***227,720***	***33,999***	-	***113,768***	***326,500***	***26,667***	***728,654***

* Consulting fees were paid for the provision of professional services on an arms length basis

** Became an Executive Director effective 1 April 2010.

Table 2 - Remuneration of the named executives who receive the highest remuneration for the year ended 30 June 2011

		Short Term		Post Employ -ment	Share based payment	Total
		Salary & Consulting Fees	Bonus	Super-annuation	Options (amortised cost)	
T. Pilcher*	2011	135,397	-	12,186	-	**147,583**
Project Geologist	2010	80,241	-	7,142	-	**87,383**
Totals	***2011***	***135,397***	-	***12,186***	-	***147,583***
	2010	***80,241***	-	***7,142***	-	***87,383***

* Was appointed a casual Project Geologist in September 2009 and commenced full time employment on 1 June 2010.

Options granted as part of remuneration for the year ended 30 June 2011

There were 1,943,479 options (2010 nil) granted to the named directors above during the year. The options, issued for nil consideration, are issued in accordance with performance hurdles established by the Directors of the Company under the Employee Option Plan (EOP). The options are issued for a term of 36 months and are exercisable and vest in the holder of the Options in three lots as detailed earlier in this remuneration report. The first exercise date is 12 months after the date of issue and the last exercise date is 35 months after the date of issue. The exercise price for these options is 15 cents and the grant of these options was approved by shareholders at a general meeting held on 22 October 2010.

SHARE OPTIONS

Unissued shares - unlisted options

As at the date of this report, there were 1,943,479 unissued ordinary shares under options (2010 – 3,500,000). Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate. The options are unlisted, issued for nil consideration and have a term of three years. There were 1,943,479 share options granted during the financial year ended 30 June 2011 (2010 – Nil).

Shares issued as a result of the exercise of unlisted options

There were 500,000 Director options exercised during the financial year (2010 – Nil) or since the end of the financial year.

Unissued shares - listed shareholder options

As at the date of this report, there were 11,925,892 unissued ordinary shares under shareholder options (2010 – 11,267,926). Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate. There were 12,326,451 shareholder options granted during the financial year ended 30 June 2011 (2010 – Nil).

Shares issued as a result of the exercise of listed shareholder options

There were 400,559 shareholder options exercised during the financial year (2010 – 4) or since the end of the financial year.

DIRECTORS' MEETINGS

During the period there were fourteen Directors' meetings held. The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial period are as follows:

	Directors' Meetings		Audit Committee Meetings	
	Number held whilst in office	Number Attended	Number held whilst in office	Number Attended
J. Lawton	9	9	2	2
E. Iliescu	9	6	2	1
G. Partington	9	9	2	2
C. Baker	9	9	2	2
P. Frederiks	9	9	2	2

The Company has an Audit Committee comprising all Directors which meets specifically as required.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received a declaration from the auditor of Auzex Resources Limited which is listed immediately after this report and forms part of this Directors' report.

The Company did not receive any non-audit services from the entity's auditor, Ernst & Young during the year.

CORPORATE GOVERNANCE

The Directors recognise the need for the highest standards of corporate behaviour and accountability and therefore support and have adhered to the principles of Corporate Governance. The Company's Corporate Governance Statement is printed immediately following this Directors' Report.

Signed in accordance with a resolution of the Directors.

John Lawton

J. Lawton
Managing Director

Brisbane, 16 September 2011

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Auditor Independence Declaration to the Directors of Auzex Resources Limited

In relation to our audit of the financial report of Auzex Resources Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Andrew Carrick
Partner
Brisbane
16 September 2011

Liability limited by a scheme approved
under Professional Standards Legislation

Corporate Governance Statement

The Board of Directors of Auzex Resources Limited is responsible for the corporate governance of the Company and is committed to achieving and demonstrating high standards of corporate governance.

Auzex Resources Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations" as revised in August 2007 the Principles of which are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

This Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

Auzex Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2011. For further information on corporate policies adopted by Auzex Resources Limited, please refer to the Corporate Governance Tab under "About Auzex Resources" on our website located at www.auzex.com.

For 2011, the Company's reporting against the Principles is as follows:

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles and responsibilities of Board and management.

The Board operates in accordance with the following principles and guidelines.

- The Board does comprise Directors with an appropriate range of qualifications and expertise.
- The terms and conditions of the appointment of Non-Executive Directors are set out in a letter of appointment. The appointment letter covers the following matters:
  - the level of remuneration;
  - the tenure of appointment;
  - the expectation of the Board in relation to attendance and preparation for all Board meetings;
  - the Directors code of conduct;
  - the procedures dealing with conflicts of interest; and
  - the availability of independent advice - The Board has agreed a procedure for Directors to take independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.
- The Board meets as often as required to attend to the affairs of the Company and follow meeting guidelines set down to ensure all Directors are made aware of, and have available to them all necessary information enabling them to participate in an informed discussion of all agenda items.

The Board is responsible for the direction and supervision of the Company's business on behalf of the shareholders, by whom they are elected and to whom they are accountable. This includes ensuring that internal controls and reporting procedures are adequate and effective. The Directors recognise the need to maintain the highest standards of behaviour, ethics and accountability. The Board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the Company.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT continued

The primary functions of the Board include responsibility for:

- Approving objectives, goals and strategic direction for management;
- Monitoring financial performance including adopting annual budgets and approving the Company's financial statements;
- Ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- Selecting, appointing and reviewing the performance of the Managing Director and reviewing the performance of senior operational management;
- Ensuring significant business risks are identified and appropriately managed; and
- Reporting to shareholders on performance.

The Company's Executive Director's performance and remuneration is reviewed annually by the Non-executive Directors. The performance criteria against which Directors and Executives are assessed is aligned with the financial and non-financial objectives of Auzex Resources Limited. Further details of the process for evaluating performance is set out in the Remuneration Report.

The Board may determine from time to time to establish specific purpose sub-committees to deal with specific issues. All matters determined by committees are submitted to the full Board as recommendations for Board decision. Minutes of committee meetings are tabled at the immediately subsequent Board meeting.

2. STRUCTURE THE BOARD TO ADD VALUE

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

SKILLS, EXPERIENCE AND EXPERTISE OF DIRECTORS

The Directors in office at the date of this statement are:

Name	Position	Independent	Term in Office	Expertise
Chris Baker	Non-executive Chairman	Yes	6.0 years	Finance, Governance and Management
John Lawton	Managing Director	No	7.9 years	Management and Resource Development
Eugene Iliescu	Non-executive Director	Yes	2.5 years	Management and Resource Development
Greg Partington	Operations Director	No	7.9 years	Mineral Exploration, structural geology, database development and management
Paul Frederiks	Non-executive Director and Company Secretary	No	6.0 years	Finance, Governance and Management

INDEPENDENT DIRECTORS

Directors of Auzex Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

In the context of Director independence, "materiality" is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

2. STRUCTURE THE BOARD TO ADD VALUE, INDEPENDENT DIRECTORS **continued**

In accordance with the definition of independence above, and the materiality thresholds set, the Directors as marked in the previous table are considered to be independent. Therefore there are three Non-Executive Directors, two of whom are deemed independent, and two Executive Directors, neither of whom are deemed independent. One Non-Executive Director who is not deemed independent is also the Company Secretary and provides accounting services to the Company.

Due to the Company's size, requirements and resources, the Board considers that the existing skill mix of the Directors is highly appropriate. For this reason ASX Recommendations 2.1 (A majority of the Board should be independent Directors) and 2.4 (The Board should establish a nomination committee) have not been adopted. Further details of the members of the Board including their experience and expertise is set out in the Directors' Report.

NON-EXECUTIVE DIRECTORS

The three Non-Executive Directors periodically meet for a period of time, without the presence of management, to discuss the operation of the Board and a range of other matters including those relating to Remuneration and Directors Nominations. Relevant matters arising from these meetings are shared with the full Board.

TERM OF OFFICE

The Company's constitution specifies that all Directors (with the exception of the Managing Director) must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a Director may stand for re-election.

PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, it is the intention that all Directors will complete a structured self evaluation questionnaire that aimed to evaluate the performance of the Board as a whole on an annual basis. These responses are collated and subsequently discussed by the Board to improve the functional operations of the Board. The Managing Director meets privately with each Director as appropriate to discuss their individual performance. The Managing Director's performance is reviewed by the Board.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Companies should actively promote ethical and responsible decision-making

The Company supports and has adopted the Code of Conduct published by The Australian Institute of Company Directors in 2005. This code recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics and its commitment to ensuring compliance with the insider trading laws.

The insider trading provisions of the Corporations Act have been drawn to the attention of all Directors and executives and it has been agreed that this will be a continuing policy on a regular basis. Directors have all entered into agreements to notify the Company within three days of any dealing in the Company's securities and it is an employment condition that all executives notify the Company within three days of any dealing in the Company's securities. In December 2010, the Company released a revised Securities Trading Policy in compliance with ASX Listing Rule 12.9 that provides for restrictions on trading for the Company's key management personnel during black out periods, defines categories of excluded trading that are allowed during black out periods and defines other authorised trades outside of black out periods. The Policy also defines the procedures for obtaining written clearance for trading in exceptional circumstances during black out periods. The Company's designated black out periods are as follows:

- 1 January up to and including the day on which the Company releases its December quarterly cash flow report;
- 1 April up to and including the day on which the Company released its March quarterly cash flow report;
- 1 July up to and including the day on which the Company released its June quarterly cash flow report; and
- 1 October up to and including the day on which the Company released its September quarterly cash flow report.

The Code of Conduct and Securities Trading policy are available on the Company's website.

4. SAFEGUARD INTEGRITY OF FINANCIAL REPORTING

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

The Board has adopted an Audit Committee Charter to ensure the truthful and factual presentation of the Company's financial position. Audit Committee meetings will be held periodically throughout the year. It is the policy of the Board that the members of the committee shall be a minimum of two Non-executive Directors. The Audit Committee will be chaired by a Non-executive Director.

The main functions of the committee will be to:

- Assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- Review the scope and results of internal, external and compliance audits;

4. SAFEGUARD INTEGRITY OF FINANCIAL REPORTING continued

- Maintain open lines of communication between the Board and external auditors and the Company's compliance officers;
- Review and report to the Board on the annual report, the half-year financial report and all other financial information published by the Company or released to the market;
- Assess the adequacy of the Company's internal controls and make informed decisions regarding compliance policies, practices and disclosures;
- Ensure effective deployment of risk management processes;
- Nominate the external auditors and review the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- Review the level of non-audit services provided by the external auditors and ensure that it does not adversely impact on auditor independence.

The Chairman of the Audit Committee reviews the performance of the committee with members and reports annually to the Board. Due to the small size of the Board, the Board considers it appropriate that all Directors sit on the Audit Committee which is chaired by a Non-executive Director. For this reason ASX Recommendation 4.2 (Structure the Audit Committee so that it consists of only Non-executive Directors, a majority of Independent Directors, an Independent Chairperson and at least three members) has not been adopted in regard to the first three points.

The members of the Audit Committee during the year were:

Chris Baker (Chairman) John Lawton Eugene Iliescu Greg Partington Paul Frederiks

Each of the Committee members are financially literate in terms of ASX's Corporate Governance Guidelines (i.e. able to read and understand financial statements), have an understanding of the industry in which the Company operates and Paul Frederiks has financial expertise in terms of ASX's Corporate Governance Guidelines.

For details on the number of meetings of the audit committee held during the year and the attendees at those meetings, refer to the Directors' Report.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Companies should promote timely and balanced disclosure of all material matters concerning the company.

The Board has adopted a Listing Rule 3.1 Compliance Policy, which has been designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. The aims of this policy are to:

- Assess new information and co-ordinate any disclosure or releases to ASX, or any advice required in relation to that information, in a timely manner;
- Provide an audit trail of the decisions regarding disclosure to substantiate compliance with the Company's continuous disclosure obligations;
- Report to the Board on continuous disclosure matters; and
- Ensure that employees, consultants, associated entities and advisers of the Company understand the obligations to bring material information to the attention of the Company Secretary.

The Managing Director has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. The Company Secretary is responsible for ensuring compliance with the continuous disclosure requirements in the ASX listing rules.

The Company rigorously polices its continuous disclosure responsibilities to ensure a fully informed market at all times.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are provided with all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- The Annual Report, which will be distributed to all shareholders (unless shareholders specifically indicate otherwise);
- Quarterly Reports to all shareholders (to be issued within four weeks of the end of the quarter);
- The Annual General Meeting, and other meetings called to obtain approval for Board action as appropriate; and

6. RESPECT THE RIGHTS OF SHAREHOLDERS continued

- The Company's Corporate Internet site at www.auzex.com. This web site is actively maintained and includes all market announcements, research reports from analysts, briefings to shareholders, full texts of notices of meeting and explanatory material and compliance reports such as the quarterly cash flow report and Annual Report.

Shareholders are actively encouraged to become "online shareholders" by registering electronically with the Company to receive an email notification of announcements as they are made. The Company endeavours to respond to all shareholder queries on a prompt and courteous basis.

All information disclosed to the ASX is immediately posted on the Company's website as soon as it is disclosed to the ASX.

7. RECOGNISE AND MANAGE RISK

Companies should establish a sound system of risk oversight and management and internal control.

The Company is committed to having a culture of risk management and has established a risk management system that supports a pro-active approach to managing risk and to exploiting opportunity at all levels.

Management, through the Managing Director and Operations Director, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit Committee on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on a six monthly basis or more frequently as required by the Board or Committee.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. It reviews strategic and operational risks in conjunction with, and as a key input to an annual corporate strategy workshop attended by the Board and senior management. This workshop reviews the Company's strategic direction in detail and includes specific focus on the identification of business risks which could prevent the Company from achieving its objectives. Management are required to ensure that appropriate controls and mitigation strategies are in place to effectively manage those risks. Compliance and reporting risks are reviewed on an ongoing basis with an independent company engaged to manage the Company's requirements. The Audit Committee oversees the adequacy and comprehensiveness of risk reporting from Management.

The Board receives a written assurance from the Managing Director (MD) and the Company Secretary (CS) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the MD and CS can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

8. REMUNERATE FAIRLY AND RESPONSIBLY

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and small executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. The Executive Directors' and key executives' emoluments are structured to retain and motivate executives by offering a competitive base salary together with performance incentives through share options which allow executives to share in the success of Auzex Resources Limited. The Company's policy is that the use of hedging instruments by Directors and key executives to limit their exposure to risk on either shares or options is prohibited.

The Company currently has three Non-Executive Directors and two Executive Directors. The Company's Executive Directors do not receive Directors' fees and their remuneration packages are formalised in service agreements. The Non-executive Directors' maximum aggregate remuneration as approved by shareholders is currently $150,000 and is set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Company's business plan.

There are no retirement benefits offered to Non-executive Directors other than statutory superannuation. For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

The Board is responsible for determining and reviewing the compensation arrangements for Directors themselves. Due to the size and specific project nature of the Company, the Board undertakes this compensation review collectively and therefore does not require a separately established Remuneration Committee. For this reason ASX Recommendation 8.1 (The Board should establish a Remuneration Committee) has not been adopted.

Statement of Comprehensive Income

FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Continuing Operations			
Interest Income		270,749	21,762
Profit on sale of tenement interests		-	1,481,070
Total Revenue from Continuing Operations		**270,749**	**1,502,832**
Write-off of Exploration Expenses	7	(142,921)	-
General & Administrative Expenses	3	(2,685,017)	(1,309,856)
Total Expenses from Continuing Operations		**(2,827,938)**	**(1,309,856)**
Profit/(Loss) from Continuing Operations before Income Tax Expense		**(2,557,189)**	**192,976**
Income Tax Benefit attributable to Operating Loss	4	**538,412**	-
Profit/(Loss) from Continuing Operations after Income Tax Expense	13	**(2,018,777)**	**192,976**
Other Comprehensive Income			
Net Gain/Loss on Foreign Currency Translation Reserve taken to equity		(13,703)	3,590
Net Gain on Available for Sale Asset Revaluation		891,994	364,302
Other Comprehensive Income for the period		878,291	367,892
Total Comprehensive Income for the period attributable to the Owners		**(1,140,486)**	**560,868**
Basic and diluted loss per share (cents per share)	16	(2.4)	0.5

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
Current Assets			
Cash	22A	3,774,502	953,752
Receivables and Prepayments	5	3,079,170	966,263
Total Current Assets		**6,853,672**	**1,920,015**
Non Current Assets			
Property, Plant and Equipment	6	543,040	488,895
Deferred Exploration and Evaluation phase costs	7	15,456,137	10,267,904
Investment in Available for Sale Asset	8	2,475,298	1,044,893
Total Non Current Assets		**18,474,475**	**11,801,692**
Total Assets		**25,328,147**	**13,721,707**
Current Liabilities			
Payables	9	2,804,604	342,925
Provisions	10	92,246	44,581
Total Current Liabilities		**2,896,850**	**387,506**
Provisions	10	393,417	299,717
Total Non-Current Liabilities		**393,417**	**299,717**
Total Liabilities		**3,290,267**	**687,223**
Net Assets		**22,037,880**	**13,034,484**
Equity			
Contributed Equity	11	30,038,612	20,097,938
Other Reserves	12	2,178,711	1,097,212
Accumulated Losses	13	(10,179,443)	(8,160,666)
Total Equity		**22,037,880**	**13,034,484**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Cash Flows from/(used in) Operating Activities			
Goods and services tax received		387,168	75,332
Payments to suppliers and employees		(2,681,361)	(651,479)
Interest received		203,833	24,204
Net cash flows from/(used in) operating activities	22(b)	**(2,090,360)**	**(551,943)**
Cash Flows from/(used in) Investing Activities			
Purchase of property, plant & equipment		(142,309)	(460,386)
Payments for exploration and evaluation expenditure		(7,938,918)	(700,050)
Investment in Term Deposit	5	(75,000)	(675,000)
Proceeds from Farm-in		-	1,900,000
Receipts from Joint Venture exploration and evaluation expenditure		3,126,663	-
Sale of Fixed Assets		-	480
Net cash flow from/(used in) investing activities		**(5,029,564)**	**65,044**
Cash Flows from Financing Activities			
Proceeds from issue of shares		10,657,044	730,002
Costs of share issue		(716,370)	(30,531)
Net cash flow from financing activities		**9,940,674**	**699,471**
Net increase / (decrease) in cash held		**2,820,750**	**212,572**
Add: Opening cash carried forward		953,752	741,180
Closing cash carried forward	22(a)	**3,774,502**	**953,752**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FINANCIAL YEAR ENDED 30 JUNE 2011

	Consolidated			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
At 1 July 2009	**17,871,967**	**(8,353,642)**	**703,654**	**10,221,979**
Issue of Share Capital via Placement	2,256,500	-	-	2,256,500
Transaction costs of placement	(30,532)	-	-	(30,532)
Exercise of listed options	3	-	-	3
Recognition of share option expense	-	-	25,666	25,666
Profit/(Loss) for the period	-	192,976	-	192,976
Available for Sale Asset Reserve	-	-	364,302	364,302
Foreign Currency Translation Reserve Movement	-	-	3,590	3,590
Total Other Comprehensive Income	-	-	367,892	367,892
Total Comprehensive Income for the period	-	192,976	367,892	560,868
At 30 June 2010	**20,097,938**	**(8,160,666)**	**1,097,212**	**13,034,484**
At 1 July 2010	**20,097,938**	**(8,160,666)**	**1,097,212**	**13,034,484**
Issue of Share Capital via Placement	7,682,833	-	-	7,682,833
Issue of Share Capital via 1 for 3 Rights Issue	2,799,211	-	-	2,799,211
Transaction costs of rights issue and placement	(733,981)	-	-	(733,981)
Exercise of unlisted Director options	112,500	-	-	112,500
Exercise of listed options	80,111	-	-	80,111
Recognition of share option expense	-	-	203,208	203,208
Profit/(Loss) for the period	-	(2,018,777)	-	(2,018,777)
Available for Sale Asset Reserve	-	-	891,994	891,994
Foreign Currency Translation Reserve Movement	-	-	(13,703)	(13,703)
Total Other Comprehensive Income	-	-	878,291	878,291
Total Comprehensive Income for the period	-	(2,018,777)	878,291	(1,140,486)
At 30 June 2011	**30,038,612**	**(10,179,443)**	**2,178,711**	**22,037,880**

Notes to the Financial Statements

NOTE 1 – CORPORATE INFORMATION

The financial report of Auzex Resources Limited (the Company) for the year ended 30 June 2011 was authorised in accordance with a resolution of the Directors on 16 September 2011. Auzex Resources Limited is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis and is presented in Australian dollars. The Directors have adopted the going concern assumption in preparing the financial report.

The Directors believe that the going concern basis is appropriate due to the fact that the Company has a strong history of capital raising. Subsequent to the end of the financial year, the Company has announced a binding Heads of Agreement to merge the Bullabulling Joint Venture into one listed entity and in conjunction with that announcement indicated that a capital raising was forthcoming. If required the Directors will carefully manage cash flows until such further funding is secured and will reduce overheads and negotiate extensions to tenement commitments.

In providing the Director's Declaration the above considerations have been taken into account in satisfying that, at the date of the Director's Declaration, there are reasonable grounds that the company will be able to pay its debts as and when they fall due. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

(B) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Amendments resulting from the Annual Improvements Projects to the following Standards did not have any impact on the accounting policies, financial position or performance of the Company:

- AASB 3 Business Combinations
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations
- AASB 7 Financial Instruments: Disclosures
- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 117 Leases
- AASB 118 Revenue
- AASB 121 The Effects of Changes in Foreign Exchange Rates
- AASB 128 Investments in Associates
- AASB 131 Interests in Joint Ventures
- AASB 132 Financial Instruments: Presentation
- AASB 136 Impairment of Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Certain Australian Accounting Standards and interpretations have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ended 30 June 2011. The Directors are assessing the impact of AASB 11 Joint Arrangements (replacing AASB 131) (effective 1 July 2013). Based on initial review management does not expect this standard to have any impact on the Company's Joint Venture accounting. The Directors have assessed the impact of all other new or amended standards (to the extent relevant to the Company) and have concluded that these Standards and interpretations will not impact the amounts recognised in the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(B) Statement of Compliance continued

The following standards were assessed:

- AASB 9 Financial Instruments (effective from 1 January 2015)
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009) (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127) (effective from 1 January 2013)
- Revised AASB 124 Related Party Disclosures (effective from 1 January 2011)
- AASB 2009-12 Amendments to Australian Accounting Standards (AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 and 1052) (effective 1 July 2011)
- AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement (effective 1 July 2011)
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements(effective 1 July 2013)
- AASB 1054 Australian Additional Disclosures (effective from 1 July 2011)
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASBs 1, 7, 101, 134 and Interpretation 13) (effective 1 July 2011)
- AASB 2010-5 Amendments to Australian Accounting Standards (AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042) (effective 1 July 2011)
- AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets (AASB 1 and AASB 7) (effective 1 July 2011)
- AASB 2010-7 Amendments to Australian Accounting Standards – Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7,101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139 1023 & 1038 and Interpretations 2,5,10,12, 19 & 127) (effective 1 July 2015)
- AASB 2010-8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets (AASB 112) (effective 1 July 2012)
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project (AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113) (effective 1 July 2011)
- AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project - Reduced disclosure regime (AASB 101 & 1054) (effective 1 July 2013)
- AASB 10 Consolidated Financial Statements (AASB 127) (effective 1 July 2013)
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income (AASB 101) (effective 1 July 2012)

(C) Basis of Consolidation

The consolidated financial statements are those of the consolidated entity comprising Auzex Resources Limited and Auzex Resources (NZ) Pty Ltd (the Group). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are all those entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(D) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model. The expense in each year of the vesting period is based on the changes to the estimated number of equity instruments expected to ultimately vest with the recipients.

Provision for site rehabilitation

The Company reviews rehabilitation requirements for its exploration tenements on a six-monthly basis by undertaking an in-house analysis of the costs to rehabilitate the sites as appropriate.

Capitalisation of Deferred Exploration and Evaluation Expenditure & Impairment

The Company determines on an annual basis whether impairment triggers have occurred for each area of interest included in Deferred Exploration and Evaluation Costs. Where an impairment trigger is identified, an estimation of the recoverable amount of the cash generating units to which these asset groups belong is required.

(E) Foreign Currency Translation

Both the functional and presentation currency of Auzex Resources Limited is Australian dollars ($A). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to other comprehensive income except for exchange differences arising on translation of foreign operations which are taken directly to a separate component of equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiary Auzex Resources (NZ) Pty Ltd is New Zealand dollars (NZ$). As at the reporting date the assets and liabilities of this overseas subsidiary is translated into the presentation currency of Auzex Resources Limited at the rate of exchange ruling at the balance date and net income is translated at the weighted average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(F) Property, Plant & Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on a straight line basis on all property, plant and equipment. All classes are depreciated over periods ranging from 3 to 10 years (comparable to prior year). The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment exists when the carrying value exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in net income in the year the loss is recognised.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(G) Exploration, Evaluation, Development and Restoration costs

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Amounts received in respect to farm-in arrangements are offset against the relevant exploration and evaluation costs where these amounts have been capitalised.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Impairment

The carrying values of exploration, evaluation, development and restoration costs are reviewed for impairment in accordance with AASB 6 – *Exploration and Evaluation of Mineral Resources* when facts and circumstances suggest that the carrying amount of such an asset may exceed its recoverable amount. Any impairment loss identified is recognised as an expense in accordance with AASB 136 – *Impairment of Assets*.

Amortisation

Costs on productive areas will be amortised over the life of the area of interest to which such costs relate on the production output basis.

Restoration costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs will be recognised progressively over the life of the facility as these obligations occur. The costs include obligations relating to reclamation, plant closure and other costs associated with the restoration of the site.

(H) Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(I) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(J) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified. Interest is taken up as income on an effective interest basis. Bills of exchange are measured at amortised cost using the effective interest method.

(K) Interest Bearing Liabilities

All interest bearing liabilities are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the liability. After initial recognition, interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in net income when the liabilities are derecognised.

(L) Contributed Equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(M) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(N) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(O) Employee Benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(P) Share-based Payment Transactions

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions').

The current plan in place to provide these benefits is the Auzex Option Plan, which provides benefits to Executive Directors and employees. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the use of a Black-Scholes model which is prepared by the Company and independently reviewed.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Auzex Resources Limited ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(Q) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. In the case of interest, revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(R) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expense (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. Operating segments that meet the quantitative criteria as prescribed by AASB8 are reported separately. However, an operating segment that does meet the quantitative criteria is still reported separately where the information about the segment would be useful to users of the financial statements.

(S) Farm-in Arrangement

'The Company is a party to a farm in arrangement with New Zealand Minerals Limited (NZML). In the arrangement the Company (the 'transferor') transfers a part of its interest in mineral rights for an agreement by NZML (the 'transferee') to meet, certain expenditure which would otherwise have to be undertaken by the Company. The cash consideration received by the Company through the reimbursement of costs incurred is credited to the accounts where such costs were initially recorded.

(T) Income Tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

For Auzex Resources Limited, no deferred income tax asset is being recognised in the accounts as the benefit is not considered to be probable of being realised at this stage of the Company's development. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in net income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(U) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Cash Flow Statement on a net basis and the GST component arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(V) Available for sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(W) Joint Venture Arrangement

The Company is a party to a joint venture arrangement with GGG Resources Plc* (GGG). The joint venture assets comprise the Western Australia exploration and mining tenements and all property plant and equipment located on the tenements including buildings and machinery.

Participants in the Bullabulling Joint Venture are:

- Auzex Resources Limited (Operator) – 50%
- GGG Resources plc – 50%

The Company's wholly owned subsidiary Auzex Resources (NZ) Pty Ltd is party to a joint venture arrangement with NZ Minerals Limited. The joint venture assets comprise the exploration tenements held on the west coast of the South Island of New Zealand.

Participants in the NZ Joint Venture are:

- Auzex Resources (NZ) Pty Limited (Operator) – 58%
- NZ Minerals Limited – 42%

(X) Earnings per Share

Basic earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is determined by dividing the operating profit after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial period.

	Consolidated 2011 $	2010 $
NOTE 3 - EXPENSES AND LOSSES/(GAINS)		
Operating loss before income tax has been determined after charging/(crediting) the following specific items:		
Option Valuation expense	203,208	25,666
Depreciation of plant and equipment	88,165	32,874
Foreign exchange loss/(gain)	74	(609)

NOTE 4 - INCOME TAX

	2011 $	2010 $
The prima facie tax of 30% on the operating loss differs from the income tax provided in the financial statements as follows:		
Prima facie tax on profit/(loss)	(767,157)	57,893
Tax effect of amounts treated differently in accounts and for tax purposes:		
Other expenses	20,944	996
Employee share and option expenses	60,962	8,000
Section 40-880 deduction – capital raising	(63,823)	(53,557)
Income tax benefit of tax losses (recognised)/not recognised	210,662	(13,331)
Income tax expense/(benefit) attributable to operating loss	**(538,412)**	**-**
Amounts charged/(credited) directly to equity		
Unrealised gain on available for sale asset	538,412	-
	538,412	**-**

NOTE 4 - INCOME TAX continued

Deferred income tax

Deferred income tax at 30 June relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	2011 $	2010 $	2011 $	2010 $
Consolidated				
Deferred tax liabilities				
Exploration Expenditure	(4,636,840)	(3,015,871)	-	-
Available for sale asset	(538,412)	(109,291)	-	-
Other Deferred tax liability	(20,211)	(136)	-	-
Deferred tax assets				
Losses available for offset against future taxable income	7,562,059	5,813,387	-	-
Other deferred tax asset	33,104	14,604	-	-
Total deferred tax assets	2,399,699	2,702,693		
Deferred tax asset not recognised	(2,399,699)	(2,702,693)		
Gross deferred income tax assets	-	-	-	-
Deferred tax income/(expense)	-	-	-	-

The deferred tax asset arising from estimated tax losses is not brought to account at balance date as realisation of the benefit is not yet regarded as probable.

The deferred tax asset will only be obtained if:

(a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) The conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) No changes in tax legislation adversely affect the Company in realising the benefit.

NOTE 5 – RECEIVABLES AND PREPAYMENTS

	Consolidated 2011 $	Consolidated 2010 $
GST Receivable	262,883	34,619
Accounts Receivable from Joint Venture	1,980,355	245,189
Term Deposits*	750,000	675,000
Interest Receivable	67,371	455
Sundry Receivables	15,961	9,200
Prepayments	2,600	1,800
	3,079,170	**966,263**

Terms and conditions

GST receivable, interest receivable and sundry receivables are non-interest bearing.

*The Company has a $750,000 term deposit lodged with Westpac Banking Corporation which is used as security for bank guarantees issued to the WA and NSW governments to secure tenement rehabilitation obligations. Bank guarantees outstanding at 30 June 2011 totalled $738,000.

Allowance for Impairment loss.

No allowance has been made for impairment loss. A provision for impairment loss is only recognised when there is objective evidence that an individual receivable is impaired. None of the balances within receivables and prepayments contain impaired assets and are not past due.

NOTE 6 - PROPERTY, PLANT & EQUIPMENT

	Consolidated 2011 $	2010 $
Plant and Equipment at cost	718,509	692,650
Less: accumulated depreciation	(175,469)	(203,755)
Total Property, Plant and Equipment	**543,040**	**488,895**
Reconciliation of Plant & Equipment		
Carrying amount at beginning	488,895	61,383
Additions	142,310	460,386
Depreciation Expense	(88,165)	(32,874)
Disposals	-	-
	543,040	**488,895**

NOTE 7 – DEFERRED EXPLORATION AND EVALUATION COSTS

	2011 $	2010 $
Exploration Phase	15,456,137	10,267,904
Total	**15,456,137**	**10,267,904**
Reconciliation of Deferred Exploration and Evaluation costs		
Carrying amount at beginning	10,267,904	9,601,846
Add: Exploration Expenditure for period	5,331,154	666,058
Less: Exploration written off for period	(142,921)	-
	15,456,137	**10,267,904**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective exploration tenements.

NOTE 8 – AVAILABLE FOR SALE FINANCIAL ASSETS

GGG Resources Plc (GGG) is a listed public company headquartered in London and listed on the Alternative Investment Market (AIM) of the London Stock Exchange Its major asset is its 50% interest in the Bullabulling Joint Venture. The Company's investment in GGG is classified as an investment in an Available for sale Financial Asset. The fair value of the listed available for sale investment has been estimated using the valuation techniques based on assumptions, which are outlined in Note 2. The 4.8% interest held does not allow Auzex Resources to exercise significant influence.

	2011 $	2010 $
Listed Available for sale		
Shares in GGG Resources Plc	2,475,298	1,044,893

NOTE 9 - PAYABLES

	2011 $	2010 $
Current		
Trade Creditors	2,720,412	285,108
Accrued Liabilities	84,192	57,817
	2,804,604	**342,925**

Terms and conditions

Accounts payable and accrued liabilities are non-interest bearing. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. All amounts are normally settled within 30 days, and discounts for early payment are normally taken where it is considered advantageous for the Company to do so.

NOTE 10 - PROVISIONS

	Consolidated		
	Employee Entitlements $	Restoration Provision $	Total Provisions $
At 1 July 2010	**22,681**	**321,617**	**344,298**
Arising during the year	59,651	111,731	171,382
Utilised	(11,986)	(18,031)	(30,017)
At 30 June 2011	**70,346**	**415,317**	**485,663**
Current 2011	70,346	21,900	92,246
Non current 2011	-	393,417	393,417
	70,346	**415,317**	**485,663**
At 1 July 2009	**22,840**	**104,617**	**127,457**
Arising during the year	23,659	217,000	240,659
Utilised	(23,818)	-	(23,818)
At 30 June 2010	**22,681**	**321,617**	**344,298**
Current 2010	22,681	21,900	44,581
Non current 2010	-	299,717	299,717
	22,681	**321,617**	**344,298**

The restoration provision relates to the restoration of the two tenements where drilling has occurred during the financial year and consists of rehabilitating the drill pad sites and access tracks. Bank Guarantees totalling $663,000 and $75,000 are held respectively by the West Australia and NSW governments to secure tenement rehabilitation obligations. Cash securities of $6,000 are held by the Qld government to secure tenement rehabilitation obligations.

NOTE 11 – CONTRIBUTED EQUITY

	Consolidated 2011 $	Consolidated 2010 $
Issued and Fully Paid Capital		
95,193,881 (2010 – 51,015,097) fully paid ordinary shares	**30,038,612**	**20,097,938**

Movement in ordinary share capital:

		Number of Shares	Issue price $ per share	$
30/06/09	**Balance beginning of financial year**	**39,377,876**		**17,871,967**
Aug 09	Exercise of listed options	4	$0.75	3
Oct 09	Issue of shares	1,150,000	$0.20	230,000
Feb 10	Placement – Central China Goldfields	2,000,000	$0.25	500,000
Apr 10	Placement – Central China Goldfields	4,000,000	$0.175	700,000
Apr 10	Placement – Directors in consideration of fees	1,745,989	$0.187	326,500
Apr 10	Placement – Jervois Mining Ltd	2,741,228	$0.182	500,000
	Share Capital raising expenses	-	-	(30,532)
30/06/10	**Balance end of financial year**	**51,015,097**		**20,097,938**
Jul 10	Placement	7,652,264	$0.12	918,272
Aug 10	Rights Issue – 1 for 3	23,326,762	$0.12	2,799,211
Dec 10	Placements	12,299,201	$0.55	6,764,561
Feb 11	Exercise of unlisted Director options	250,000	$0.20	50,000
Feb 11	Exercise of unlisted Director options	250,000	$0.25	62,500
Sep-Jun	Exercise of listed options	400,559	$0.20	80,111
	Share Capital raising expenses	-	-	(733,981)
30/06/11	**Balance end of financial year**	**95,193,883**		**30,038,612**

Movement in listed share options

		Number of Options	Issue price	$
30/06/09	**Balance beginning of financial year**	**11,267,930**	**-**	**1,090,429**
	Exercise of listed options	(4)	$0.75	-
30/06/10	**Balance end of financial year**	**11,267,926**	**-**	**1,090,429**
	Lapse of listed options	(11,267,926)	$0.75	(1,090,429)
	Aug 10 Grant of listed options	7,775,697	$0.20	1,555,139
	Oct 10 Grant of listed options	4,550,754	$0.20	910,151
	Sep-Jun Exercise of listed options	(400,559)	$0.20	(80,111)
30/06/11	**Balance end of financial year**	**11,925,892**	**$0.20**	**2,385,179**

Terms and Conditions of contributed equity

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available to the entity. As the entity is not in position to be debt funded until it advances a project to a completed feasibility phase which has the support of financiers, it must rely totally on shareholders for its funding requirements.

NOTE 12 – RESERVES

	Consolidated 2011 $	Consolidated 2010 $
Ordinary shares transferred between shareholders in consideration of services rendered	297,001	297,001
Recognition of Share Option Expense	729,420	526,212
Available for Sale Asset Reserve (net of tax)	1,256,296	364,302
Foreign Currency Translation Reserve	(104,006)	(90,303)
	2,178,711	**1,097,212**
Reconciliation of Reserves		
Carrying amount at beginning	1,097,212	703,654
Recognition of Share Option Expense	203,208	25,666
Available for Sale Asset Reserve (net of tax)	891,994	364,302
Foreign Currency Translation Reserve	(13,703)	3,590
	2,178,711	**1,097,212**

NOTE 13 – ACCUMULATED LOSSES

	Consolidated 2011 $	Consolidated 2010 $
Balance at the beginning of year	(8,160,666)	(8,353,642)
Net Profit/(Loss) attributable to members of Auzex Resources Limited	(2,018,777)	192,976
Balance at the end of year	**(10,179,443)**	**(8,160,666)**

NOTE 14 – EXPENDITURE COMMITMENTS

Exploration Tenement Commitments

In order to maintain current rights of its Exploration tenements, the Company is required to outlay annual rentals and to meet certain expenditure requirements of the New South Wales and Queensland governments. These commitments are minimum expenditure requirements, determined by the relevant Government body on an individual tenement basis for each year of tenure from the date of grant, to maintain the tenements in good standing. The commitment remains only for as long as the tenement is held, and may be subject to negotiation based on merit. There are no minimum expenditure commitments on the NZ tenements. The expenditure commitments listed below and which are not provided for in the financial report represent an estimate of the sum of all Queensland and New South Wales annual expenditure requirements of tenements and are payable as follows:

	Consolidated 2011 $	Consolidated 2010 $
Payable not later than one year	987,840	718,376
Later than one year but not later than two years		-
	987,840	**718,376**
Operating Leases Commitments (non-cancellable)		
Payable not later than one year	68,060	6,083
	68,060	**6,083**
Capital Expenditure Commitments	-	-

NOTE 15 - EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

	Consolidated 2011 $	Consolidated 2010 $
Employee Benefits		
The aggregate employee benefit liability is comprised of:		
Provision for Annual Leave (current)	70,346	22,681
	70,346	**22,681**

Superannuation Commitments

The parent entity contributes to external accumulation funds for its employees which provide benefits for employees and their dependants on retirement, disability or death. These funds provide benefits on a defined contribution basis. Contributions are enforceable to the extent of the contribution required by the Superannuation Guarantee Levy.

	2011	2010
Employer contributions paid or payable to the plans	**82,104**	**27,596**

Auzex Employee Option Plan

The Company has in place an Employee Option Plan which was established to assist in the recruitment, reward, retention and motivation of Directors, employees of and key consultants to Auzex. This Plan was approved by shareholders at an EGM held on 22 October 2010 and replaces the previous Auzex Option Plan.

The options, issued for nil consideration, are issued in accordance with performance hurdles established by the Directors of Auzex Resources Limited and are issued for a term of three years. The options are valued using the Black-Scholes formula which is a function of the relationship between a number of variables that principally comprise the share price, option exercise price, risk free interest rate and the volatility of the Company's underlying share price. Accordingly, the formula requires a number of inputs, some of which must be assumed.

There were 1,943,479 options granted in 2011 with an exercise price of 15 cents. These options vest in three tranches as follows:

- 1/3 12 months after the date of grant, subject to the volume weighted average price of the Company's shares on ASX for the 5 day period ending on the day before 12 months after the date of grant being 16.1 cents or more being 7% greater than the exercise price .
- 1/3 24 months after the date of grant, subject to the volume weighted average price of the Company's shares on ASX for the 5 day period ending on the day before 24 months after the date of grant being 17.2 cents or more being 14.5% greater than the exercise price (7% compound over 2 years).
- 1/3 35 months after the date of grant, subject to the volume weighted average price of the Company's shares on ASX for the 5 day period ending on the day before 35 months after the date of grant being 18.4 cents or more being 22.5% greater than the exercise price (7% compound over 3 years).

Options cannot be transferred and will not be quoted on the ASX. Options not exercised by the expiry date will lapse.

Total Option Movements

The following table summarises all options issued under the aforementioned Option Plan

	2011		2010	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at beginning of year	3,500,000	$0.67	4,000,000	$0.61
Exercised during the year	(500,000)	$0.225	-	-
Lapsed during the year	(3,000,000)	$0.75	(500,000)	$0.15
Granted during the year	1,943,479	$0.15	-	-
Balance at end of year (see table below)	**1,943,479**	**$0.15**	**3,500,000**	**$0.67**
Vested and exercisable at end of year	**-**	**-**	**3,500,000**	**$0.67**

NOTE 15 - EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS continued

Total Options held at the end of the reporting period

The following table summarises information about options held by employees as at 30 June 2011:

Grant Date	Number Options	Expiry Date	Exercise price
21/10/11	1,943,479	21/10/13	$0.15
TOTAL	**1,943,479**		**$0.15**

NOTE 16 - EARNINGS PER SHARE

	Consolidated 2011 $	Consolidated 2010 $
Basic and diluted earnings/(loss) per share (cents per share)	**(2.4)**	**0.5**
The following reflects the operating results and share data used in the calculations of basic earnings per share:		
Net Profit/(Loss)	**(2,018,777)**	**192,976**
Weighted average number of ordinary shares used in calculation of basic earnings per share	**85,017,468**	**42,667,913**

The share options of 1,943,479 are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

NOTE 17 - SEGMENT INFORMATION

The operating segments are identified by management based on the nature of activity undertaken by the Company. Discreet financial information about the operating business is reported to the executive management team on at least a monthly basis. The Company operates in one operating business segment being the activity of multi metal exploration and development.

The Company had four employees at 30 June 2011 (30 June 2010: 4 employees).

NOTE 18 – REMUNERATION OF AUDITORS

	Consolidated 2011 $	Consolidated 2010 $
Amounts received or due and receivable by Ernst & Young Australia for:		
Audit and half year review of the financial report of the entity and any other entity in the consolidated entity	65,475	45,421
Other Services in relation to the entity and any other entity in the consolidated entity	-	-
	65,475	**45,421**

NOTE 19 – KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

Directors

C. Baker	Non-executive Chairman	J. Lawton	Managing Director
E. Iliescu	Non-executive Director	G. Partington	Executive Director
P. Frederiks	Non-executive Director and Company Secretary		
Executives	T. Pilcher, Senior Project Geologist		

NOTE 19 – KEY MANAGEMENT PERSONNEL Continued

Compensation of Key Management Personnel

	Consolidated 2011 $	2010 $
Short-term employee benefits	535,368	341,960
Post Employment benefits	283,706	120,910
Share based payment	203,210	353,167
	1,022,284	**816,037**

Further information on remuneration of Key Management Personnel is shown in the Remuneration Report contained within the Directors Report.

Remuneration options: Granted during the year

There were 1,943,479 options granted during the year (2010 – Nil).

Option holdings of Key Management Personnel

Movement 2009-2010

	Balance at beginning of period 01/07/09	Granted as Remuneration	Options Exercised	Balance at end of period 30/06/10	Total Vested & Exercisable 30/06/10
Directors					
J. Lawton	500,000	-	0	500,000	500,000
E. Iliescu	1,000,000	-	(500,000)	500,000	500,000
G. Partington	500,000	-		500,000	500,000
C. Baker	250,000	-	-	250,000	250,000
P. Frederiks	250,000	-	-	250,000	250,000
Executives					
T. Pilcher	-	-	-	-	-
R. Mustard	500,000	-	-	500,000	500,000
Total	**3,000,000**	**-**	**(500,000)**	**2,500,000**	**2,500,000**

Movement 2010-2011

	Balance at beginning of period 01/07/10	Granted as Remuneration	Options Lapsed	Balance at end of period 30/06/11	Total Vested & Exercisable 30/06/11
Directors					
J. Lawton	500,000	782,609	(500,000)	782,609	-
E. Iliescu	500,000	104,348	(500,000)*	104,348	-
G. Partington	500,000	652,174	(500,000)	652,174	-
C. Baker	250,000	104,348	(250,000)	104,348	-
P. Frederiks	250,000	300,000	(250,000)	300,000	-
Executives					
T. Pilcher	-	-	-	-	-
Total	**2,000,000**	**1,943,479**	**(2,000,000)**	**1,943,479**	**-**

NOTE 19 – KEY MANAGEMENT PERSONNEL Continued

Shareholdings of Key Management Personnel

Movement 2009-2010

	Balance at beginning of period 01/07/09	Issued under Share Purchase Plan	Purchased on Market	Disposed of	Balance at end of period 30/06/10
Directors					
J. Lawton	6,936,128	-	721,925	(303,030)	7,355,023
E. Iliescu	534,995	-	564,171	303,030	1,402,196
G. Partington	1,290,464	-	96,256	-	1,386,720
C. Baker	150,317	-	96,256	-	246,573
P. Frederiks	460,055	-	267,379	-	727,434
Executives					
T. Pilcher	-	-	-	-	-
R. Mustard	1,126,761	(1,126,761)	-	-	-
Total	**10,498,720**	**(1,126,761)**	**1,745,987**	**-**	**11,117,946**

Movement 2010-2011

	Balance at beginning of period 01/07/10	Exercise of unlisted options	Issued under 1 for 3 Rights issue	Purchased/ (sold) off market	Balance at end of period 30/06/11
Directors					
J. Lawton	7,355,023	-	166,666	(350,000)	7,171,689
E. Iliescu	1,402,196	500,000	461,665	(513,327)	1,850,534
G. Partington	1,386,720	-	592,112	(773,522)	1,205,310
C. Baker	246,573	-	142,244	-	388,817
P. Frederiks	727,434	-	285,071	-	1,012,505
Executives					
T. Pilcher	-	-	-	-	-
Total	**11,117,946**	**500,000**	**1,647,758**	**(1,636,849)**	**11,628,855**

NOTE 20 - RELATED PARTY DISCLOSURES

Ultimate parent

Auzex Resources Limited is the ultimate parent Company incorporated in Queensland, Australia.

Wholly owned group transactions

Loans made by Auzex Resources Limited to Auzex Resources (NZ) Pty Ltd are interest free, are denominated in Australian Dollars, are reviewable on an annual basis and are repayable on demand.

Other related transactions

During the year, services were provided by Kenex Limited (Kenex) which provides technical assistance to Auzex to carry out its work program. Dr Greg Partington, who is an Executive Director of Auzex, controls Kenex. The Board considers that the Kenex agreement is a commercial arrangement entered into on favourable terms to Auzex. There is no obligation for the Company to acquire services exclusively from Kenex or for Kenex to exclusively provide services to the Company. However, Kenex has agreed to give priority to the Company over Kenex's other clients in the provision of services and all services provided under the agreement are for the exclusive benefit and advantage of Auzex. As the Company is not required to acquire any minimum amount of services from Kenex, there is no minimum payment required under the agreement. Dr Partington became an Executive Director of Auzex on 1 April 2010 and prior to that was paid non-executive director fees and consulting fees for services performed.

Total amounts paid to Kenex during the year excluding the provision of services provided by Dr Partington who is an employee of Auzex was $279,521 (2010 - $181,785).

During the year, accounting and certain corporate advisory services were provided by Frederiks Investments Qld Pty Ltd (FIQ). Mr Paul Frederiks, who is a Non-executive Director and Company Secretary, controls FIQ. The Board considers that the FIQ agreement is a commercial arrangement entered into on reasonable arm's length terms. There is no obligation for the Company to acquire services exclusively from FIQ or for FIQ to exclusively provide services to the Company. As the Company is not required to acquire any minimum amount of services from FIQ, there is no minimum payment required under the agreement. Directors note that P. Frederiks does not participate in the executive management of the Company and provided these services as an outside party due to his extensive expertise in financial administration. Directors believe this arrangement enhances the corporate governance of the Company.

Total amounts paid to FIQ during the year including the provision of services provided by Mr Paul Frederiks was $100,880 (2010 - $38,145). In addition to this amount, Directors fees of $35,167 (2010 - $13,333) were paid.

NOTE 21 - INTEREST IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Percentage of equity interest held by the consolidated entity	
		2011	2010
Auzex Resources (NZ) Pty Ltd	Australia	100%	100%

In November 2006, Auzex Resources wholly owned subsidiary, Auzex Resources (NZ) Pty Ltd (Auzex NZ) entered into a Joint Venture Agreement with NZ Minerals Limited (NZML) over tenements held on the west coast of the South Island of New Zealand (Tenements). The key terms of the Agreement are as follows:

- NZML to fund NZ$1.70 million expenditure to earn 50% interest in all Auzex NZ tenements;
- Auzex NZ retains management of all projects.

By June 2008, NZML had fully funded the NZ$1.70 million expenditure and therefore had become entitled to a proportionate share 50% of the Tenements. Under the Joint Venture Agreement, the Tenements continue to be legally held and registered in the name of Auzex NZ but it now holds the Tenements on trust for itself and for NZML as tenants in common in the same proportions as their respective proportionate shares. As at 30 June 2011, the participating interest of NZML was 42%.

NOTE 22 - NOTES TO THE STATEMENT OF CASH FLOWS

(A) Reconciliation of Cash

Cash is defined in Note 2 to this financial report.
Cash balance comprises:

	Consolidated 2011 $	Consolidated 2010 $
Cash at Bank	1,774,502	953,752
Term Deposit	2,000,000	-
Total Cash	**3,774,502**	**953,752**

(B) Reconciliation of the operating loss after tax with the net cash flows used in operations

	Consolidated 2011 $	Consolidated 2010 $
Operating profit/(loss) after income tax	(2,018,777)	192,976
Depreciation and amortisation	88,112	32,888
Net loss/(profit) on sale of property, plant & equipment	-	(480)
Exploration Expenditure written off	142,921	-
Shares issued in consideration for services	-	326,500
Share Option Valuation Expense	203,208	25,666
Shares issued for acquisition of PP&E	-	100,000
Farm-in Recoupment	-	33,992
Profit on Farm-in	-	(1,500,000)
Loss on Share swap	-	19,410
Net Exchange Differences	(13,653)	3,590
Changes in Assets and Liabilities		
Increase in trade & other receivables	(301,940)	(253,537)
(Increase)/decrease in prepayments	(800)	1,821
Increase in other creditors and accruals	207,616	248,390
Increase in provision for restoration	93,700	217,000
Increase in deferred taxes	(538,412)	-
Increase/(decrease) in provision for employee benefits	47,665	(159)
Net Cash Flow used in Operating Activities	**(2,090,360)**	**(551,943)**

(C) Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities undertaken during the year.

NOTE 23 - CONTINGENT ASSETS AND LIABILITIES

Claims and other actions in accordance with the Native Title Act 1993 (Cth) may affect the Company's ability to access prospective exploration areas or subsequently to mine any such area. A number of the Company's tenements in Australia are currently affected by native title. Additional native title claims may be lodged in Queensland and New South Wales in which case the Company may have to pay compensation to settle any such claim or may have its access to any affected area restricted indefinitely or until the claim is settled. There are currently no restrictions on any of the Company's tenements.

There are no other material contingent assets or liabilities not otherwise disclosed elsewhere in these financial statements.

NOTE 24 - SUBSEQUENT EVENTS

Subsequent to the end of the financial year, the Company announced on 15 August 2011 that the Phase One drilling program at Bullabulling had delivered a 2.60 million ounce JORC compliant Resource. The Company advised that there is now less than 45,000m of infill drilling required to convert a significant portion of Inferred resources to Indicated resources. This infill drilling should be completed by the end of November 2011.

On 29 August 2011, the Company announced it had signed a binding Heads of Agreement (HOA) with GGG Resources plc to combine the Bullabulling Gold Project under a single corporate entity to be named Bullabulling Gold Limited (BBG) through an all-script merger of equals which will be Australian domiciled and listed on the ASX and AIM. The Company highlighted that it would involve the creation of an advanced exploration/pre development gold-focussed company, BBG, which owns 100% of the Bullabulling Gold project, located 65km south-west of Kalgoorlie, Western Australia and would be a merger of equals with Auzex and GGG shareholders owning 50% each of BBG subject to adjustment for cross share holdings and relative cash holdings. In addition there would be a unified management team with sole focus on the development of Bullabulling and a dual listing on the ASX and AIM providing global access to capital markets. As part of the transaction, Auzex would demerge its non-Bullabulling assets. The Company advised that Auzex and GGG would finalise a formal merger implementation agreement reflecting the terms of the HOA within 21 days with other key steps being that:

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

Other than the matters referred to above, there has not arisen between 30 June 2011 and the date of this report any item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state off affairs of the Company, in subsequent financial years.

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to manage the finances for the Company's operations. The Company has various other financial assets and liabilities such as sundry receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are cash flow interest rate risk and foreign currency risk.

During its New Zealand field exploration activities, the Company has had some transactional currency exposures, principally to the New Zealand (NZ) dollar. Such exposure arises from purchases in the NZ currency other than the Company's functional currency being the Australian dollar. The Company has not entered into forward currency contracts to hedge these exposures due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Primary responsibility for identification and control of financial risks rests with the Board of Directors, however the day-to-day management of these risks is under the control of the Managing Director. The Board agrees the strategy for managing future cash flow requirements and projections.

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES Continued

(A) Interest rate risk

The Group's exposure to interest rate risks primarily relates to the group's fund held on term deposit.
The group has no debt obligations. At balance date, the group had the following mix of financial assets and liabilities exposed to interest rate risk:

	Consolidated	
	2011 $	2010 $
Cash and cash equivalents	3,774,502	953,588

The group's policy is to place funds in interest-bearing deposit that are surplus to immediate requirements. The group's interest rate exposure is reviewed near the maturity date of term deposits to assess whether more attractive interest rates are available without increasing risk.

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the post tax loss and equity would have been affected as follows:

	Post tax loss Higher/(lower)		Equity Higher/(lower)	
	2011 $	2010 $	2011 $	2010 $
Consolidated				
+1%	(40,632)	(8,036)	40,632	8,036
-0.5%	20,316	4,018	(20,316)	(4,018)

The movements in the loss and equity are due to higher/(lower) interest income from cash balances.

(B) Credit Risk

The Company's maximum exposures to credit risk at balance date in relation to financial assets, is the carrying amount of those assets as recognised on the statement of financial position. There are no derivative financial instruments currently being used by the Company.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables. It is noted that the only trade debtor at balance date is GGG Resources Plc, the Company's joint venture partner.

(C) Foreign Currency Risk

The Company faces transactional exposure in respect of costs that are not denominated in Australian Dollars. The Company has not sought to hedge against transactional risks, as they are not currently evaluated as being significant. Future exploration expenditure in New Zealand is likely to be funded by the parent entity in Australia and in that regard will be exposed the AUD/NZ exchange rate should the exchange rate move significantly between when an approved work program is agreed between the joint venture parties and when the parent entity funds its NZ subsidiary – the Company does not consider this exposure significant.

(D) Liquidity Risk

The group's objective is to maintain sufficient funds to finance its current operations and additional funds to ensure its long-term survival in the event of a business downturn. The group has no finance facilities in place, therefore is dependent currently on shareholders funds. The contractual maturity of the group's and parent entity's financial liabilities are:

	Consolidated	
	2011 $	2010 $
6 months or less	2,804,604	342,925

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES Continued

(E) Available for Sale Securities Risk

The Company's exposure to available for sale assets which are listed securities on a foreign exchange relates to the movements in the pricing of those securities from one period to the next. Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

At 30 June 2011, if the price of the securities in the available for sale asset (GGG Resources Plc) had moved, as iillustrated in the table below, with all other variables held constant, the post tax loss and equity would have been affected as follows

	Post tax loss Higher/(lower)		Equity Higher/(lower)	
	2011 $	**2010 $**	**2011 $**	**2010 $**
Consolidated				
+10%	(247,530)	(104,489)	247,530	104,489
-5%	123,765	52,245	(123,765)	(52,245)

NOTE 26- INTEREST IN JOINT VENTURE

As advised in Note 2, Auzex Resources is party to a joint venture with GGG Resources Plc (GGG) on the Bullabuilling Gold Project in Western Australia. The joint venture (JV) is known as the Bullabulling Joint Venture and sees Auzex Resources as Operator with a 50% project interest and GGG with a 50% project interest. The JV Assets comprise the Western Australia exploration and mining tenements and all property plant and equipment located on the tenements including buildings and machinery.

	2011 $	**2010 $**
(A) Commitments relating to the Joint Venture		
Share of capital commitments	-	-
(B) Interests in Joint Venture		
Current Assets	-	-
Long Term Assets	902,632	776,678
Current Liabilities	-	-
Long Term Liabilities	617,400	430,000

(C) Method used to recognise interest in Joint Venture

The Company uses the proportionate consolidation method to recognise its interest in the Bullabulling Joint Venture.

NOTE 27 – PARENT ENTITY INFORMATION

Information relating to Auzex Resources Limited:

	2011 $	2010 $
Current Assets	6,777,547	1,867,224
Total Assets	25,833,555	14,394,664
Current Liabilities	2,715,243	387,141
Total Liabilities	3,108,659	686,857
Issued Capital	30,038,612	20,097,938
Accumulated Losses	(9,596,433)	(7,577,647)
Share Options Reserve	729,420	526,212
Share Expense Reserve	297,001	297,001
Available for Sale Asset Reserve	1,256,296	364,303
Total Shareholders' Equity	**22,724,896**	**13,707,807**
Profit/(Loss) from Continuing Operations of Auzex Resources Limited	(2,018,788)	192,658
Other Comprehensive Income for the period	878,291	367,302
Total comprehensive income of Auzex Resources Limited	**(1,140,497)**	**559,960**

The parent entity has not provided any guarantees in relation to the debts of its subsidiary.

There are no contingent liabilities of the parent entity other than disclosed in Note 23.

There are no contractual commitments by the parent entity for the acquisition of property, plant or equipment at 30 June 2011.

Directors' Declaration

In accordance with a resolution of the Directors of Auzex Resources Limited, I state that:

1) In the opinion of the Directors:

   (a) The financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and *Corporations Regulations 2001*; and

   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

   (c) As discussed in Note 2(A) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

On behalf of the Board.

John Lawton

J. Lawton
Managing Director

Brisbane, 16 September 2011

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Independent auditor's report to the members of Auzex Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Auzex Resources Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 (B), the directors also state that the financial report, comprising the financial statements and complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to directors at the date this auditor's report was signed.

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under Professional Standards Legislation

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Auditor's Opinion

In our opinion:

1. the financial report of Auzex Resources Limited is in accordance with the *Corporations Act 2001*, including:
   - (i) giving a true and fair view of the financial position of Auzex Resources Limited and the consolidated entity at 30 June 2011 and of their performance for the year ended on that date; and
   - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Auzex Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001.*

Ernst & Young

Andrew Carrick
Partner
Brisbane
16 September

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Shareholder Information

The shareholder information set out below was applicable as at 30 September 2011.

Distribution of fully paid ordinary shares

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares	
	Number of Share Holders	Number of Shares
1 – 1,000	126	36,544
1,001 – 5,000	286	903,353
5,001 – 10,000	231	1,805,361
10,001 – 100,000	599	21,196,727
100,001 And over	79	71,252,726
	1,321	95,194,711

There were 144 holders of less than a marketable parcel of ordinary shares.

Distribution of share options

Analysis of numbers of equity security holders by size of holding:

	Listed options exercisable at 20 cents expiring 13/02/12		Unlisted employee options	
	Number of Option Holders	Number of Options	Number of Option Holders	Number of Options
1 – 1,000	64	27,079	-	-
1,001 – 5,000	98	258,793	-	-
5,001 – 10,000	33	248,767	-	-
10,001 – 100,000	78	2,930,069	-	-
100,001 And over	14	8,460,354	5	1,943,479
	287	11,925,062	5	1,943,479

Twenty largest equity security holders

The names of the twenty largest holders of equity securities are listed below:

		Ordinary shares	
	Name	Number held	Percentage of issued shares
1	NATIONAL NOMINEES LIMITED	10,496,042	11.03
2	GGG RESOURCES PLC	8,000,000	8.40
3	PENINSULA GOLDFIELDS PTY LTD	7,146,689	7.51
4	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	6,334,555	6.65
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,470,959	4.70
6	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	3,208,493	3.37
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	2,694,240	2.83
8	KEIRAN JAMES SLEE	2,665,546	2.80
9	PHILLIP SECURITIES (HONG KONG) LTD <CLIENT A/C>	2,232,234	2.34
10	MISTY GRANGE PTY LTD <BJ&LA WINSOR S/F PENS A/C>	2,181,671	2.29
11	CLARIDEN CAPITAL LIMITED	1,500,000	1.58
12	KENEX KNOWLEDGE SYSTEMS LIMITED	1,205,310	1.27
13	SUPER COMP NO 19 PTY LTD <TACOS SUPER FUND A/C>	1,095,077	1.15
14	MR EUGENE STEPHEN ILIESCU + MRS JENNIFER MARGARET ILIESCU <ES & JM ILIESCU S/FUND A/C>	1,090,000	1.15
15	MR ROGER MUSTARD	1,006,761	1.06
16	MR EUGENE STEPHEN ILIESCU	760,534	0.80
17	MR MICHAEL DAVID LAWTON	687,426	0.72
18	M F CUSTODIANS LTD	636,819	0.67
19	FREDERIKS INVESTMENTS QLD PTY LTD	584,728	0.61
20	BRAZIL ENTERPRISES PTY LTD	500,000	0.53
		58,497,084	61.45

Twenty largest holders – Listed Options exercisable at $0.20 expiring 13 February 2012

The names of the twenty largest holders of listed options are listed below:

	Name	Listed Options: Number held	Listed Options: Percentage of issued shares
1	KEIRAN JAMES SLEE	1,310,229	10.99
2	NATIONAL NOMINEES LIMITED	1,296,000	10.87
3	MISS PAMELA LYNN RUTHERFORD	1,027,779	8.62
4	STONEBRIDGE NEWCO NOMINEES PTY LTD	1,000,000	8.39
5	GGG RESOURCES PLC	666,667	5.59
6	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	624,945	5.24
7	GECKO RESOURCES PTY LTD	500,000	4.19
8	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	486,300	4.08
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	430,487	3.61
10	MISTY GRANGE PTY LTD <BJ&LA WINSOR S/F PENS A/C>	357,504	3.00
11	MR CRAIG BAILLIE <BAILLIE SUPER FUND A/C>	230,000	1.93
12	GECKO RESOURCES PTY LTD <JOHN SANTUL SUPER FUND A/C>	200,000	1.68
13	SUPER COMP NO 19 PTY LTD <TACOS SUPER FUND A/C>	200,000	1.68
14	KENEX KNOWLEDGE SYSTEMS LIMITED	130,443	1.09
15	MR ROWAN MICHAEL CHITTY	100,000	0.84
16	PORITES PTY LTD <A L LOFTHOUSE S/FUND A/C>	100,000	0.84
17	MS NATALIE LOUISE STOREY	97,222	0.82
18	MR CRAIG WARWICK BAILLIE	96,667	0.81
19	MR EUGENE STEPHEN ILIESCU	94,445	0.79
20	PETSON (VIC) PTY LTD <PETSON PROPERTY A/C>	92,594	0.78
		9,041,282	75.82

Unquoted Share Options

	Number on issue	Nunber of holders
Options issued under the 2010 Auzex Option Plan to take up ordinary shares	1,943,479	5
	1,943,479	5

Quoted securities

Fully Paid Ordinary Shares - quoted on ASX	95,194,711	1,321
Share Options exercisable at 20 cents and expiring 13 February 2012	11,925,062	287

Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Name	Ordinary Shares: Number held	Ordinary Shares: Percentage of issued shares
Baker Steel Capital Managers LLP	8,802,858	9.30
GGG Resources PLC	8,000,000	8.42
Peninsula Goldfields Pty Ltd	7,496,689	9.14

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

Securities Exchange Listing

The shares of the Company are listed under the symbol AZX on the Australian Securities Exchange Limited.

The Company's home branch is Brisbane.

Shareholder Enquiries

Shareholders with queries about their shareholdings should contact the Company's Share Registry as follows:

Computershare Investor Services Pty Limited

GPO Box 523 BRISBANE QLD 4001

Telephone Australia:	1300 552 270
Telephone International:	(+61 3) 9415 4000
Fax:	(+61 7) 3237 2152
Email:	web.queries@computershare.com.au

Change of Address

Issuer sponsored shareholders should notify the share registry in writing immediately upon any change in their address quoting their Securityholder Reference Number (SRN). This can be done by phoning the share registry, by writing to them, or through their web portal at **www.computershare.com.au**. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate Holder Identification Number (HIN).

Annual Report

The Company's Annual Report is posted on its web site immediately upon release to ASX. Shareholders will not be mailed a copy of the Annual Report unless they have specifically opted in to request one.

Consolidation of Multiple Shareholdings

If you have multiple shareholding accounts that you wish to consolidate into a single account, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

Register for Email Alerts

Please note, that as a shareholder you can register through the "Email Alerts" section of our web site to receive electronic communications from the Company. To do so, you should select the "Subscribe for Updates" tab on our web site at **www.auzex.com**.

Registration will provide you with an email advice with a link to **www.auzex.com** each time a relevant announcement is made by the company and posted on this site.

At **www.auzex.com** shareholders can view:

- Annual and half-year Reports
- Securities Exchange Announcements
- General Shareholder Information
- Quarterly Reports
- Auzex Share Price Information

SCHEDULE OF TENEMENTS held at 30 June 2011

Project Name	Tenement Number	Granted from	Registered Holder	Equity
BULLABULLING (WESTERN AUSTRALIA)				
Bullabulling	L15/156	17/07/91	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	L15/157	17/07/91	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	L15/158	17/07/91	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	L15/196	09/05/95	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	L15/206	19/11/96	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	L15/218	13/08/08	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	L15/222	25/09/09	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	M15/1414	25/10/02	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	M15/282	29/03/88	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	M15/483	28/11/89	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	M15/503	08/02/93	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	M15/529	03/08/90	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	M15/554	21/03/91	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/4798	20/07/07	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/4799	20/07/07	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/4887	12/03/08	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5186	01/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5187	01/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5188	16/06/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5354	12/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5355	12/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5356	29/09/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5357	29/09/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5358	29/09/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5381	08/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5382	14/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5383	14/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5384	13/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5385	13/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5386	13/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5387	13/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5388	13/04/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5512	16/11/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5513	16/11/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5514	16/11/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5515	16/11/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5516	16/11/10	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5538	04/03/11	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5539	04/03/11	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5540	04/03/11	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5541	04/03/11	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	E15/1263	PENDING	Auzex Resources & GGG Resources plc	50% / 50%

SCHEDULE OF **TENEMENTS** held at 30 June 2011

Project Name	Tenement Number	Granted from	Registered Holder	Equity
BULLABULLING (WESTERN AUSTRALIA) CONTINUED				
Bullabulling	E15/1264	PENDING	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5533	PENDING	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5535	PENDING	Auzex Resources & GGG Resources plc	50% / 50%
Bullabulling	P15/5567	PENDING	Auzex Resources & GGG Resources plc	50% / 50%
NEW ENGLAND REGION (SOUTHERN QLD & NORTHERN NSW)				
Glen Innes	EL 6333	27/10/04	Auzex Resources	100%
Glen Elgin	EL 6408	03/05/05	Auzex Resources	100%
Glen Innes	ELA 2537	N/A	Auzex Resources	100%
Kingsgate GP2	ELA 3464	N/A	Auzex Resources	100%
NORTH QUEENSLAND REGION				
Eight Mile	EPM 14417	06/01/05	Auzex Resources	100%
Fossil Brook	EPM 14418	06/01/05	Auzex Resources	100%
Khartoum	EPM 14797	13/01/06	Auzex Resources	100%
Stanthorpe	EPM 14480	10/06/04	Auzex Resources	100%
Khartoum Nth	EPM 15570	23/08/06	Auzex Resources	100%
Khartoum	EPM 19203	PENDING	Auzex Resources	100%
Khartoum	EPM 19114	PENDING	Auzex Resources	100%
Khartoum	EPM 19113	PENDING	Auzex Resources	100%
Khartoum	EPM 19112	PENDING	Auzex Resources	100%
NEW ZEALAND (SOUTH ISLAND)				
Lyell	EP 40732	18/02/05	Auzex Resources	58%

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