auzex RESOURCES LIMITED

ABN 74 106 444 606

TARGET'S STATEMENT

The Directors of AUZEX RESOURCES LIMITED unanimously recommend that you

REJECT

the takeover offer by GGG Resources plc

This Target's Statement has been issued in response to the off market takeover bid made by GGG Resources plc, a company incorporated in the United Kingdom, for all the ordinary shares in Auzex Resources Limited.

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

Financial Advisor

StoneBridge Group

Legal Advisor

Thomsons Lawyers

KEY DATES

Offer announced by GGG
14 March 2011

Bidder's Statement lodged with ASIC and dated
15 April 2011

Record Date
7.00pm (Perth time) on 20 April 2011

Offer Opens
3 May 2011

Offer Closing Date (unless extended or withdrawn)
5.00pm (Perth time) on 6 June 2011

Important Information

This Target's Statement is issued by Auzex Resources Limited in response to the Bidder's Statement dated 15 April 2011 issued by GGG Resources plc.

You should read this Target's Statement in its entirety.

This Target's Statement is dated 19 May 2011. A copy of this Target's Statement was lodged with ASIC on 19 May 2011. Neither ASIC nor any of its officers take any responsibility for the contents of this Target's Statement.

A number of defined terms are used in this Target's Statement. These terms are explained in Section 9 along with certain rules of interpretation which apply to this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the investment objectives, financial situation or particular needs of individual Shareholders. Auzex encourages you to seek independent financial and taxation advice before making a decision whether or not to accept the Offer.

Forward Looking Statements

This Target's Statement contains forward looking statements, which have not been based solely on historical facts, but are rather based on Auzex's current expectations about future events. Such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors many of which are beyond the control of Auzex. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Auzex, its officers or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Further information

If Shareholders have any queries, they should call the Auzex information line on (02) 8256 3388 (within Australia) or 1800 356 563 (outside Australia). Note that calls to the information line may be recorded.

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The Directors of AUZEX unanimously recommend that you

REJECT

the GGG OFFER

To **REJECT** the Offer, simply ignore all acceptance forms sent to you by GGG

If you have any questions,
please call the Auzex information line on
(02) 8256 3388 (within Australia) or
1800 356 563 (outside Australia).

Note that calls to the information line may be recorded.

auzex RESOURCES LIMITED ABN 74 106 444 606

19 May 2011

Dear Auzex Shareholder

REJECT GGG'S OPPORTUNISTIC AND INADEQUATE OFFER

You will have recently received from GGG Resources plc its unsolicited and conditional offer to acquire all of your shares in Auzex.

The Board unanimously recommends that Auzex Shareholders REJECT the GGG Offer.

This Target's Statement, including the Independent Expert's Report, sets out in detail the reasons why you should REJECT GGG's Offer. We encourage you to read this document in its entirety, To REJECT the GGG Offer, simply ignore all acceptance forms sent to you by GGG.

The Directors personally intend to reject the GGG Offer for all of the Auzex Shares that they hold.

Your Board has created substantial value in a short time

Your Board has in a short space of time, created substantial value for Auzex Shareholders (and GGG Shareholders) by identifying the exciting Bullabulling Gold project in Western Australia, acquiring it, managing its development and proving it up into a high value asset.

Your Board is focussed on Bullabulling and has a plan to maximise the non-Bullabulling exploration assets

The Board is fully focussed on and committed to developing Bullabulling and bringing it to production as quickly as operating conditions will allow.

It has also announced proposals to maximise shareholder value by:

- Demerging Auzex's exploration portfolio into a new company to be owned ultimately by Auzex shareholders and managed by a separate management team.
- Listing on AIM to provide UK investors in Auzex with a local market.
- In conjunction with the AIM listing, raising additional capital at a premium to the current market price to ensure that Auzex can fund its share of a fast tracked Bullabulling project.

Given its demonstrated track record, results and its clear strategic plan, the Board believes that Auzex is best positioned to oversee development of the Bullabulling Gold Project.

GGG's Offer is grossly inadequate

It is in this context that the Board is astonished and disappointed that GGG has not engaged in any meaningful way with the Auzex Board to discuss the development of Bullabulling and instead made a grossly inadequate takeover offer which is not in the best interests of either Auzex's shareholders or progressing the rapid development of Bullabulling.

The Independent Expert has confirmed that the GGG Offer is neither fair nor reasonable. The consideration offered by GGG is approximately 40% below the Independent Experts estimate of the value of an Auzex Share.

Key management has no confidence in GGG

Auzex is fully focussed on and committed to developing Bullabulling and bringing it to production as quickly as operating conditions will allow. Auzex has been responsible for the day to day operations and provides the day to day operational management, including preparation and implementation of all programs and budgets, joint venture reporting, compliance, tenement management, health and safety, site access, accounting and finance, working capital and the direct employment and management of staff, consultants and contractors.

Auzex will continue to develop Bullabulling for the benefit of both shareholders and remains open to sensible discussions with GGG in relation to alternatives for the development of Bullabulling. GGG's current offer for Auzex is not one of them.

GGG has advised that it intends to rely on Auzex's existing management team to develop Bullabulling and, in particular, the team leader and Auzex Director, Dr Greg Partington.

Dr Partington has advised the Board that he has no confidence in the GGG Board and its ability to develop Bullabulling.

Accordingly, the Board considers that if GGG's bid is successful, there is a real risk that GGG will need to replace key staff that are critical to the current development of Bullabulling and that there will likely be material delay, disruption and additional expense to the Project. In the highly competitive environment for mine development expertise, the replacement of members of the current development team would be extremely challenging.

Your Board remains open to sensible discussions with GGG in relation to alternatives for the development of Bullabulling. GGG's current offer for Auzex is not one of them.

If you have any queries in relation to the GGG Offer, please consult your own independent professional adviser or contact the Auzex information line on (02) 8256 3388 (within Australia) or 1800 356 563 (outside Australia).

Yours faithfully

Chris Baker

Chairman

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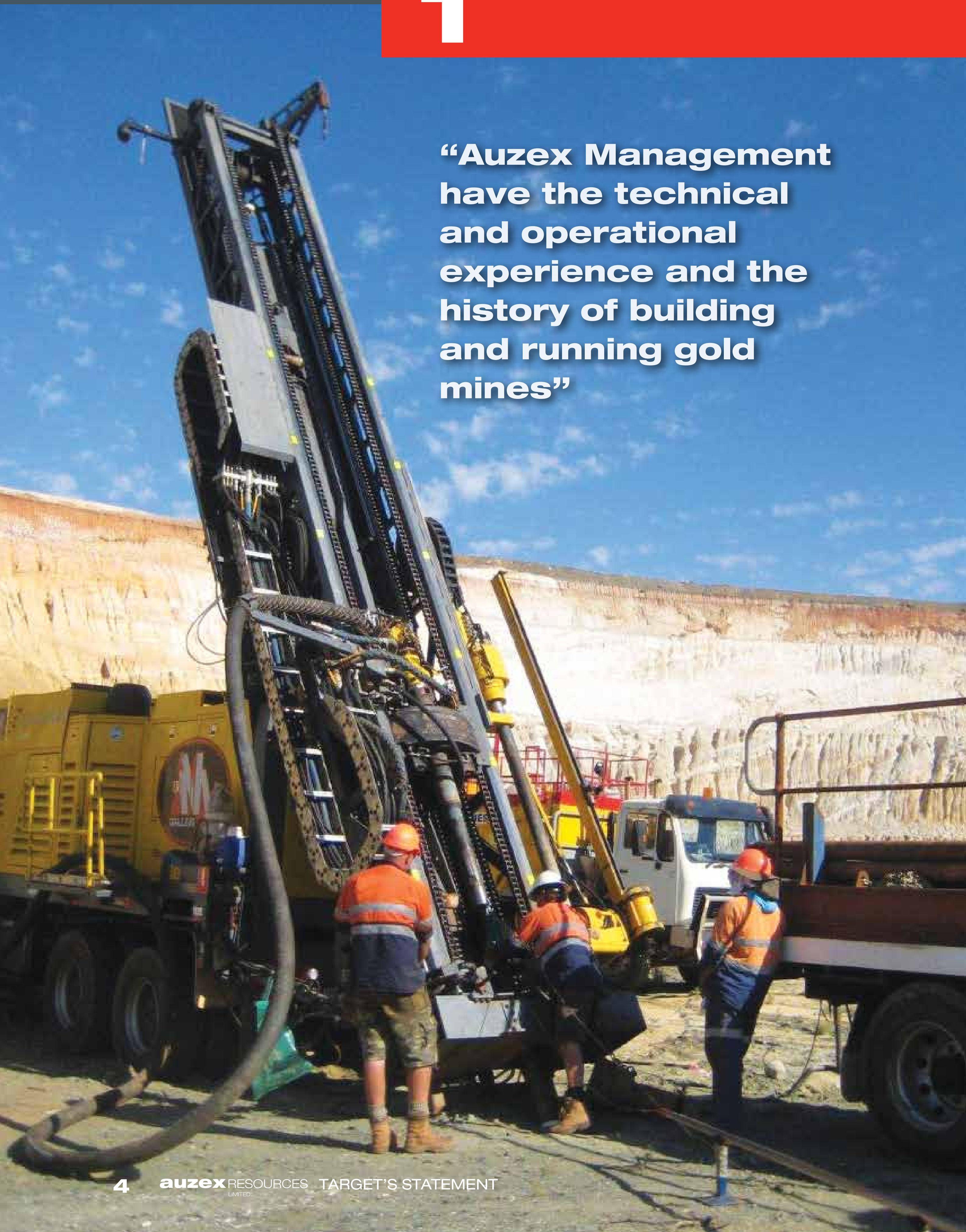


"Auzex Management have the technical and operational experience and the history of building and running gold mines"

Why you should **REJECT the offer**

Seven Key Reasons why you should REJECT the Offer

The Board unanimously recommends that Auzex Shareholders **REJECT** the GGG Offer for the following reasons.

1. GGG has not demonstrated the capacity to develop the Bullabulling Project efficiently and in a timely manner

2. In contrast to GGG, Auzex has the track record and credentials to successfully develop Bullabulling

3. GGG's Offer materially undervalues Auzex and is grossly inadequate
   - It provides no value for Auzex's other assets
   - It does not include an adequate premium for control

4. The Independent Expert has concluded that the GGG Offer is **neither fair nor reasonable**

5. Auzex has an alternative proposal that will optimise value for shareholders

6. Ownership by GGG is an inefficient corporate structure to hold Australian based Bullabulling

7. Accepting GGG's Offer may have adverse taxation implications and prevent you from participating in the demerger of Auzex's exploration assets

1.1 GGG has not demonstrated the capacity to develop the Bullabulling Project efficiently and in a timely manner

Your Directors believe that GGG's lack of demonstrated technical and operational expertise and absence of proven experience in creating substantial shareholder value through technically and operationally prudent practices put the efficient and timely development of Bullabulling at material risk.

For all these reasons the Auzex Board believes that Auzex is the best party to ensure the development of the Bullabulling Project.

AZX Shareholders should question the ability of GGG to develop Bullabulling.

GGG lacks understanding of the asset

GGG is not familiar with Bullabulling or the key personnel or consultants engaged in the Project.

GGG lacks expertise to develop Bullabulling

Auzex is fully focussed on and committed to developing Bullabulling and bringing it to production as quickly as operating conditions will allow. Auzex has been responsible for the day to day operations and provides the day to day operational management, including preparation and implementation of all programs and budgets, joint venture reporting, compliance, tenement management, health and safety, site access, accounting and finance, working capital and the direct employment and management of staff, consultants and contractors.

Auzex will continue to develop Bullabulling for the benefit of both shareholders and remains open to sensible discussions with GGG in relation to alternatives for the consolidationof Bullabulling. GGG's current offer for Auzex is not one of them.

GGG does not have the expertise to develop Bullabulling. GGG's strategy is to rely on the technical resources of Auzex - in particular, the team leader and Auzex Director, Dr Greg Partington - and to expand it.

Dr Partington has advised the Board that he has no confidence in the GGG Board and its ability to develop Bullabulling.

Accordingly, the Board considers that if GGG's bid is successful, there is a real risk that GGG will need to replace key staff that are critical to the current development of Bullabulling and that there will likely be material delay, disruption and additional expense to the Project. In the highly competitive environment for mine development expertise, the replacement of members of the current development team would be extremely challenging.

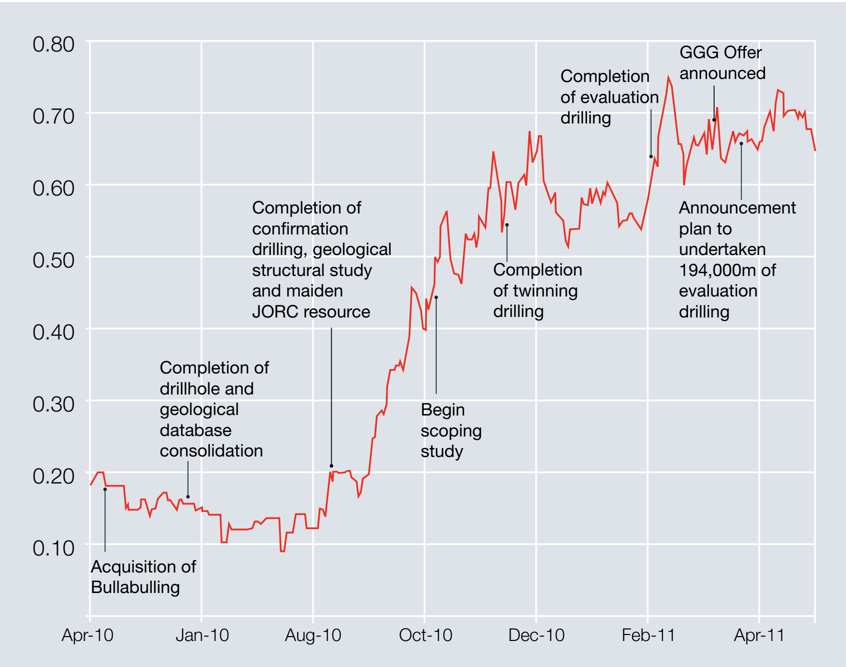
GGG has no specific plan for Bullabulling

GGG has not articulated a considered feasible alternative strategy to develop Bullabulling.

GGG has no expertise or plan to exploit Auzex's exploration assets

GGG has no plan and no expertise to exploit Auzex's exploration assets or create value from them.

1.2 In contrast to GGG, Auzex has the track record and credentials to successfully develop Bullabulling



Auzex Share Price Performance versus Exploration and Development Milestones

Auzex has a Board and management team that has proven itself with the identification, acquisition and conversion of Bullabulling into a substantial gold mining project that has directly translated into substantial value for Auzex Shareholders (and GGG Shareholders). On this basis alone Auzex is the best party to steer the continued development of Bullabulling.

Since acquiring the Bullabulling Project in April 2010, the Auzex Board and management have continued to aggressively add value for Auzex Shareholders, shown at left.

The Auzex Directors believe they are better placed to develop Bullabulling because:

- Auzex has been the driving force behind the value creation for all Auzex Shareholders;
- Auzex has continued to implement an exploration and development program and the primary tasks of the Bullabulling Joint Venture;
- Auzex has a clearly defined exploration and development plan based on the collective experience of the Auzex Board and management team, familiarity with the asset, and a technically prudent approach to fast tracking the development of the project;
- Auzex has the in-house resources and expertise, development experience and deep relationships with key third parties critical for the development of Bullabulling.

Feasibility studies for the project are well underway and will be progressively developed during the next few quarters with a view to commencing discussions with project financiers and progressing detailed engineering studies during early 2012. At this stage, the project remains on schedule to commence production by 2013.

Planned announcements:

- Resource upgrade and maiden reserve June 2011;
- Approval of 194,000m evaluation drilling program May 2011;
- Completion of scoping study June 2011;
- Completion of evaluation drilling December 2011;
- Completion of Bankable Feasibility Study December 2011; and
- Commence project financing process early 2012.

1.3 GGG's Offer materially undervalues Auzex and is grossly inadequate

GGG's Offer materially undervalues Auzex and its prospects.

Under the Offer, Auzex shareholders would receive approximately 44.5% of the combined GGG/AZX entity despite contributing more than 50% of the asset value.

The Offer does not recognise the value of Auzex's quality portfolio of "non Bullabulling exploration assets" which Auzex Directors believe have the potential to create significant additional value for Auzex shareholders. The Technical Expert has assessed the value of Auzex's non-Bullabulling exploration assets in the range of $9.2m to $25.0m, with a preferred value of $17.3m (see Annexure A).

		Market approach		Cost approach	Preferred value
Project	Percentage Ownership	Low ($'million)	High ($'million)	($'million)	($'million)
North Queensland [1]	100%	4.1	6.1	5.0	5.0
New South Wales [2]	100%	3.2	15.6	10.0	10.0
Lyell	58%	1.9	3.3	0.6	2.3
Total		**9.2**	**25.0**	**15.6**	**17.3**

Source: Mining Associates' technical expert's report

Notes: 1. Lyndbrook and Khartoum projects
2. Kingsgate and Klondyke/Seven Hills projects

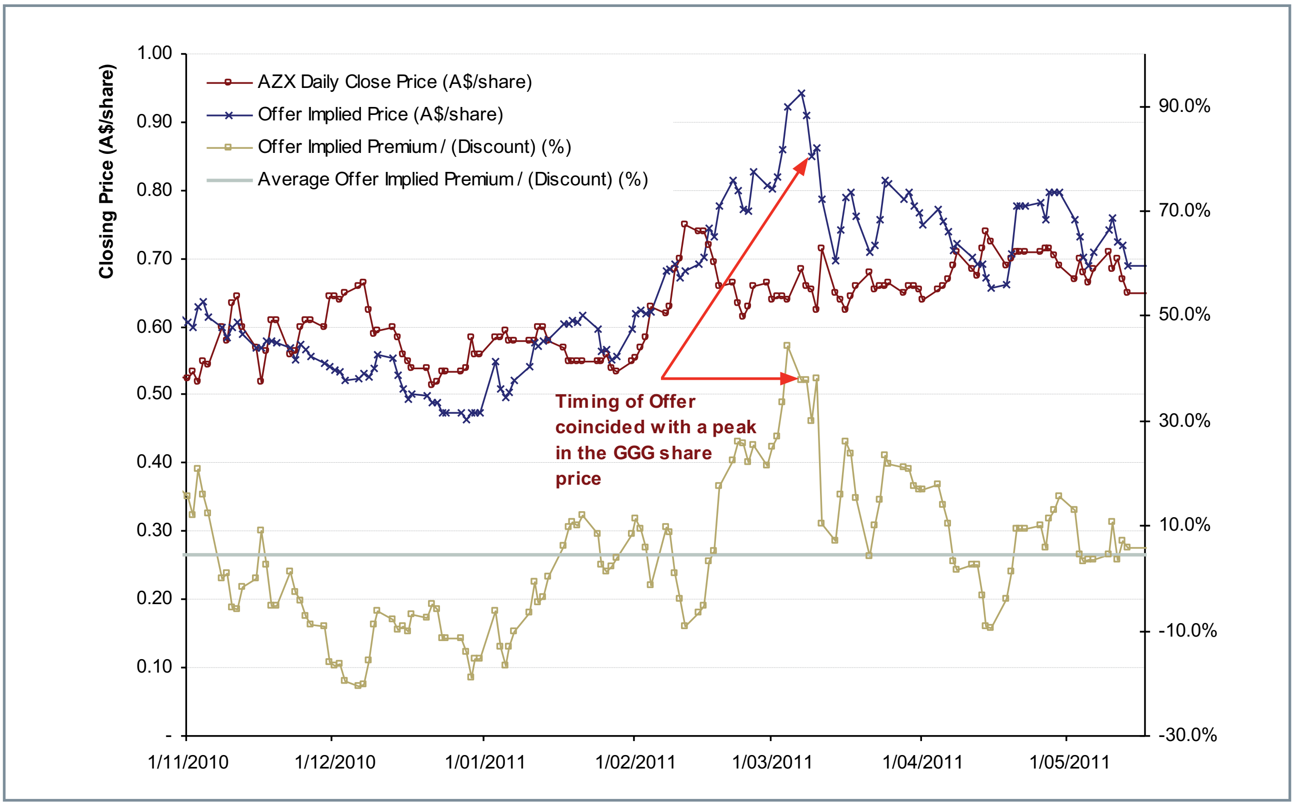
The Auzex Board considers that the GGG Offer does not contain an adequate premium and should be completely rejected by Auzex Shareholders.

Further information on Auzex's suite of projects is set out at Section 5 of this Target's Statement.

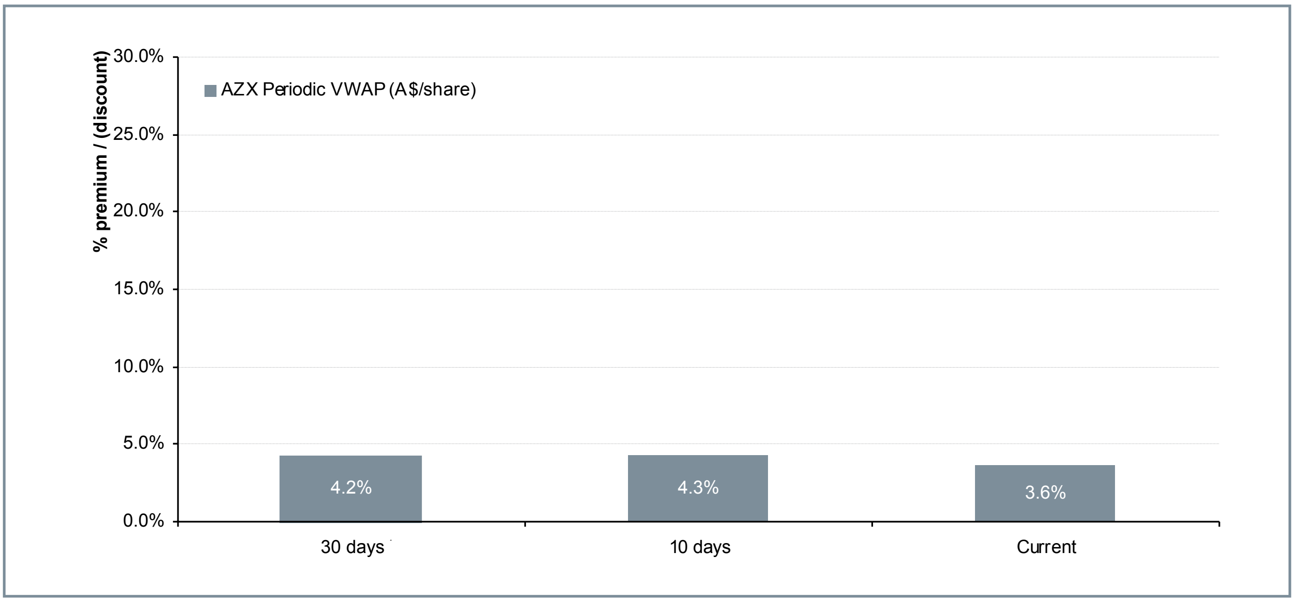
The Offer does not provide an adequate premium for Auzex shareholders.

Over the last 8 months, the volume weighted average share price (VWAP) of both companies has traded at a discount and premium to each. The GGG Offer was opportunistically timed with the March 2011 peak in the GGG share price. GGG's share price has not traded up to this level since the take over Offer was announced.

A review of the Auzex closing price versus the GGG implied Offer price and premium is shown at right.



Auzex Closing Share Price, GGG Implied Offer Price and Offer Premium



The GGG Offer Premium for Auzex Shares

The above charts demonstrate that the GGG Offer provides a relatively minor premium in both absolute VWAP and percentage terms. The 30 day, 10 day and current implied price of the GGG Offer represents a premium of less than 4.3%. As outlined in the Independent Expert's Report (see Annexure A) Australian studies indicate the premiums required to obtain control of companies range between 20% and 40%, GGG's Offer is well below this range. The implied value of GGG's offer on 16 May 2011 was $0.69.

The Independent Expert concludes that the GGG offer is neither fair nor reasonable and materially undervalues your Auzex Shares.

1.4 The Independent Expert, Deloitte Corporate Finance Pty Limited (Deloitte), has concluded that the GGG Offer is neither fair nor reasonable

Deloitte Corporate Finance Pty Limited (Deloitte) has reviewed the GGG Offer and has concluded that it is **neither fair nor reasonable**.

GGG Offer is not fair – value of offer consideration is inadequate

Deloitte's evaluation of the value of GGG's offer consideration is:

	Low value per share $	High value per share $
Estimated fair market value of an Auzex Share	0.65	0.85
Estimated fair market value of consideration offered by GGG	0.46	0.60

Deloitte concludes:

The low and high values of the consideration offered by GGG are both approximately 40% below Deloittes corresponding estimates of the value of an Auzex Share.

"As Auzex and GGG principally share a common asset base (equal interests in the Bullabulling Gold Project (Bullabulling)), the outcome of our assessment of the fairness of the GGG Offer is not dependent on the estimated value of Bullabulling but is entirely dependent on the merger ratio implied by the GGG Offer. Under all valuation scenarios considered, including a range of values for Bullabulling above what is reflected in our absolute estimates of the fair market value of an Auzex Share and the consideration offered by GGG, the GGG Offer is not fair at the implied merger ratio".

GGG Offer not reasonable

Deloitte believes that the GGG Offer is not reasonable and that there are insufficient reasons for Auzex Shareholders to accept the GGG offer in the absence of any higher bid before the close of the Offer.

In reaching its view, Deloitte considered that any potential benefits of consolidating the ownership of Bullabulling under GGG did not outweigh the likely disadvantages to Auzex Shareholders if the GGG Offer was successful.

The disadvantages to Auzex Shareholders include:

- An increase in the value of Bullabulling will not make the GGG Offer fair.
- The likelihood of further dilution for Auzex Shareholders in GGG post takeover.
- Diluted participation in future growth of Auzex's asset portfolio.

- Uncertainty about GGG's management structure post takeover.
- Foreign Shareholders (Shareholders whose address as shown in the register of members of Auzex is in a jurisdiction other than Australia or its external territories or New Zealand) are unable to participate in the Offer.
- GGG has not made a separate offer to holders of Auzex options. If Auzex option holders would like to participate in the GGG Offer, Auzex option holders will need to exercise their options and be issued Auzex Shares within the offer period.
- Potential adverse taxation implications. If Auzex Shareholders accept the GGG Offer, they may incur a tax expense.

Deloitte's report is attached to this Target's Statement as Annexure A.

GGG has not provided any independent analysis that the GGG Offer is in the interests of Auzex Shareholders.

By GGG's own admission, GGG has not carried out sufficient due diligence to understand the value of Auzex's non-Bullabulling exploration assets.

1.5 Auzex has an alternative proposal that will optimise value for shareholders

Auzex believes that its proposal optimises value for shareholders.

Auzex has an alternative proposal to add substantial value for Shareholders.

Continue to rapidly develop Bullabulling

Auzex is fully focussed on and committed to developing Bullabulling and bringing it to production as quickly as operating conditions will allow. Auzex has been responsible for the day to day operations and provides the day to day operational management, including preparation and implementation of all programs and budgets, joint venture reporting, compliance, tenement management, health and safety, site access, accounting and finance, working capital and the direct employment and management of staff, consultants and contractors.

Auzex will continue to develop Bullabulling for the benefit of both shareholders and remains open to sensible discussions with GGG in relation to alternatives for the consolidation of Bullabulling. GGG's current offer for Auzex is not one of them.

Maximise value of exploration assets by spinning them off

Auzex intends to demerge its prospective non-Bullabulling exploration portfolio into a separate spin off company which, subject to shareholder approval, it will divest to its Shareholders by way of an specie distribution of shares in that company. The technical expert has assessed the value of the non-Bullabulling assets in the range of $9.2m to $25.0m, with a preferred value of $17.3m (See Annexure A).

1.5 Auzex has an alternative proposal that will optimise value for shareholders (continued)

This new entity will utilise the modern statistical techniques applied to new mineralisation models to direct its exploration focus and increase the probability of discovery within its project area.

Only Auzex shareholders on the register at the time of the demerger will benefit from the potential upside of the exploration assets.

AIM listing

Auzex intends to seek admission of its shares to trading on the AIM Market of the London Stock Exchange (AIM).

The AIM listing will enable UK investors to participate in the Bullabulling Gold Project through a shareholding in Auzex and provide Auzex with access to overseas capital.

Capital raising

In conjunction with the AIM listing, the Company will ask for shareholder approval at a general meeting to raise up to $25 million which will be used to aggressively develop the next stage resource and exploration drilling of the Bullabulling Gold Project, and to fund AIM listing and defence related costs.

1.6 Ownership by GGG is an inefficient corporate structure to hold Australian based Bullabulling

You should not let GGG implement an inappropriate corporate structure that will essentially drive Bullabulling by remote control from the UK.

Your Directors believe that the best structure for both Auzex and GGG shareholders is a locally based, ASX listed company that has a secondary listing in the United Kingdom on the AIM market. Over time, Auzex's shareholders are best served by holding shares in an ASX listed company, rather than a London AIM listed company.

The advantages of a locally based corporate structure include:

- It ensures that the Australian based Bullabulling is owned within the jurisdiction in which it resides and subject to Australian corporate and taxation regimes (including the benefit of Australia's franking credit rules for when Auzex is in a position to pay franked dividends).
- A UK domiciled entity creates unnecessary tax, regulatory and financial complications as well as additional overhead costs.

Peer companies with development stage gold projects in the Australasian region are incorporated in Australia with their primary stock exchange listings on ASX.

1.7 Accepting GGG's Offer may have adverse taxation implications and may prevent you from participating in the demerger of Auzex's exploration assets

Potentially adverse taxation implications

If you accept the Offer, you may be liable for capital gains tax or income tax as a result of your acceptance.

Specifically, GGG's all-scrip Offer to Australian Shareholders has the risk that accepting the Offer will result in a tax liability in the current tax year. That liability would need to be paid in cash but the GGG Offer does not provide any cash to pay the tax liability.

Capital gains tax (CGT) rollover relief will not be available to Auzex Shareholders who are Australian tax residents and who hold their Auzex Shares on capital account, if GGG fails to own 80% of Auzex Shares by the end of the Offer Period.

In view of the present intention of Auzex directors (who hold approximately 12.2% of all Auzex shares) to reject the Offer, you should not assume that you will be able to achieve CGT rollover relief if you accept the Offer.

Given the significant increase in the Auzex Share price in the past 12 months, Auzex believes that many Auzex Shareholders purchased their Auzex Shares at prices significantly below the current Auzex Share price or the price implied by the GGG offer.

As a result, if you are an Australian resident for tax purposes and stand to make a capital gain, then in the absence of scrip for scrip rollover relief you may be required to pay a substantial amount of tax (in cash) on your gains upon acceptance of the GGG Offer.

An overview of the taxation consequences for certain Australian resident Shareholders who accept the Offer and dispose of their Auzex shares to GGG is provided in Section 7 of the Bidder's Statement.

You should not rely on that outline as advice on your own affairs. It does not deal with the position of certain Shareholders. You should therefore seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Inability to vote on the Auzex Proposal or participate in the demerger of Auzex's exploration assets

Auzex proposes, subject to shareholder approval, to demerge and spin out its non-Bullabulling exploration assets to Auzex shareholders.

If you accept the GGG Offer:

- You will relinquish control of all of your Shares to GGG until either the Offer becomes, or is declared, unconditional and GGG acquires your Shares, or the Offer lapses and GGG returns control of your Auzex Shares to you; and
- You will not:
  - Be able to sell your Shares on market or deal with them in any other manner (such as accepting a superior offer from another bidder); or
  - Vote on the Auzex Proposal; or
  - Be entitled to any distributions on those Shares (such as an entitlement to receive shares in the spin off exploration company),

  unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the Offer, or the Offer lapses.

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L-R: Eugene Iliescu, Paul Frederiks, John Lawton, Greg Partington, Chris Baker

auzex RESOURCES LIMITED

The Board unanimously recommends that Auzex Shareholders

REJECT

the GGG Offer.

Auzex Directors' Recommendation - **REJECT**

2.1 Directors of Auzex

As at the date of this Target's Statement, the Directors of Auzex are:

Name	Position
Chris Baker	Non-executive Chairman
John Lawton	Managing Director
Greg Partington	Operations Director
Paul Frederiks	Company Secretary and Non-executive Director
Eugene Iliescu	Non-executive Director

2.2 Directors' Recommendations

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, each of the Directors recommend that you reject the GGG Offer for the reasons set out in Section 1 of this Target's Statement.

In considering whether to accept the Offer, your Directors encourage you to:

- Read the whole of this Target's Statement and the Bidder's Statement;
- Have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- Consider the alternatives noted in Section 4 of this Target's Statement; and
- Obtain financial advice from your broker or financial adviser on the Offer and obtain taxation advice on the effect of accepting the Offer.

2.3 Intentions of your Directors in relation to the Offer

Each Director of Auzex who has a relevant interest in Auzex Shares, presently intends to reject the Offer in relation to those Auzex Shares.

Details of the relevant interests of each Auzex Director in Auzex Shares are set out in Section 8.2 of this Target's Statement.

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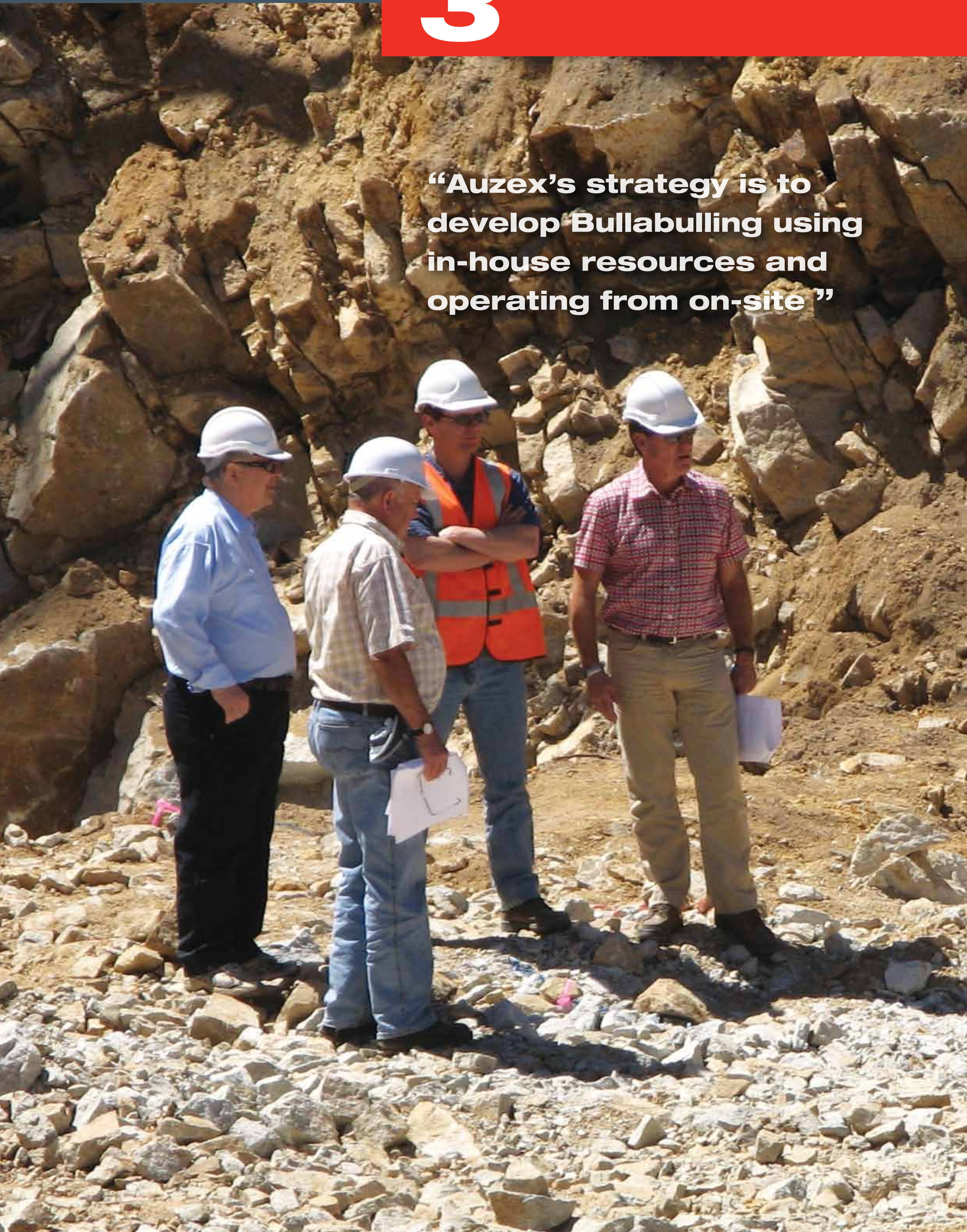

“Auzex’s strategy is to develop Bullabulling using in-house resources and operating from on-site ”

Frequently asked Questions

This section answers some frequently asked questions about the Offer. It is not intended to address all issues relevant to Shareholders. This section should be read together with all other parts of this Target's Statement.

What is the Offer for my Shares?	GGG has made a conditional and unsolicited Offer of 7 GGG Shares for every 5 Auzex Shares you hold **Further information: Section 6.1**
What choices do I have as a Shareholder?	GGG has made a conditional and unsolicited Offer of 7 GGG Shares for every 5 Auzex Shares you hold As a Shareholder you can: • Reject the Offer by doing nothing. Your Directors recommend that you **REJECT** the Offer; • Sell your Shares on market (unless you have previously accepted the Offer and have not validly withdrawn your acceptance); or • Accept the Offer. **Further information: Sections 4 and 6**

What are the Directors of Auzex recommending?	Your Directors recommend that you **REJECT** the Offer, for the following reasons:
	• GGG has not demonstrated the capacity to develop the Bullabulling Project efficiently and in a timely manner
	• In contrast to GGG, Auzex has the credentials to successfully develop Bullabulling
	• GGG's Offer materially undervalues Auzex and is grossly inadequate
	    - It provides no value for Auzex's other assets
	    - It does not include an adequate premium for control
	• The Independent Expert has concluded that the GGG Offer is **neither fair nor reasonable**
	• Auzex has an alternative proposal that will optimise value for shareholders
	• Ownership by GGG is an inefficient corporate structure to hold Australian based Bullabulling
	• Accepting GGG's Offer may have adverse taxation implications and prevent you from participating in the demerger of Auzex's exploration assets
	
	If there is any change to this recommendation or any material development in relation to the Offer, Auzex will inform you.
	
	Further information: Sections 1 and 2

How do I reject the Offer?	To REJECT the Offer, you should do nothing. **Further information: Section 4.1**
What do the Directors of Auzex intend to do with their Shares?	Each Director intends to **REJECT** the Offer in relation to the Shares they own or control. **Further information: Section 8.1**
What does the Independent Expert conclude?	The Independent Expert's report prepared by Deloitte Corporate Finance Pty Limited has concluded that GGG's offer is **neither fair nor reasonable.** **Further information: Annexure A and Section 1.4**
What should I do?	To follow your Director's unanimous recommendation to reject the GGG Offer, you should do nothing. If you are in any doubt as to what to do, you should seek professional advice in relation to the GGG Offer. **Further information: Section 1**
What happens if the Offer Consideration is increased?	If GGG increases its Offer Consideration, your Directors will carefully consider the revised offer and advise you accordingly.
What are the consequences of accepting the Offer now?	If you accept the GGG Offer: • You will relinquish control of all of your Shares to GGG until either the Offer becomes, or is declared, unconditional and GGG acquires your Shares, or the Offer lapses and GGG returns control of your Auzex Shares to you; and • You will not: - Be able to sell your Shares on market or deal with them in any other manner (such as accepting a superior offer from another bidder); or - Vote on the Auzex Proposal; or - Be entitled to any distributions on those Shares (such as an entitlement to receive shares in the spin off exploration company), unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the Offer, or the Offer lapses. **Further information: Sections 4 and 6**

What are the risks of not accepting the Offer?	If you do not accept the Offer you will be exposed to the risks associated with being a continuing Shareholder in Auzex. Some of these risks are described in Sections 5.11 and 5.12. **Further information: Sections 5.11 and 5.12**
If I accept the Offer now, can I withdraw my acceptance?	You may only withdraw your acceptance in very limited circumstances which may not apply at the time you wish to withdraw your acceptance. You may withdraw your acceptance if GGG extends the Offer Period by more than one month and the Offer is still subject to conditions. Further details on your ability to withdraw your acceptance are set out in Section 6.6. **Further information: Section 6.6**
Will I get any warning when the minimum acceptance condition is about to be satisfied?	No. You will need to monitor the acceptance levels yourself by checking the substantial holder notices lodged by GGG with the ASX during the Offer Period.
Does satisfaction of the minimum acceptance condition mean that I will definitely get paid if I accept?	No. All the conditions of the Offer must be satisfied or waived for the Offer to become unconditional. Even if the minimum acceptance condition is satisfied, other conditions may still be unsatisfied and satisfaction (or waiver) of those other conditions may take some time or may not occur at all. **Further information: Sections 6.2 to 6.4**
Can I be forced to sell my Shares?	GGG will be entitled to compulsorily acquire any outstanding Auzex Shares on the same terms as the Offer if, during or at the end of the Offer Period, GGG (together with its Associates): • Has relevant interests in at least 90% (by number) of the Auzex Shares; and • Has acquired at least 75% (by number) of the Auzex Shares that it offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise). **Further information: Section 6.8**
Does the Offer include my Options or any Shares arising from the exercise of my Options?	GGG is not making a separate offer to holders of Auzex Options. The holders of any Auzex Options which are exercised to acquire Auzex Shares which are issued during the Offer period are able to accept the Offer in respect of such Auzex Shares, provided their acceptance is received during the Offer period. **Further information: Section 6.1**

When does the Offer close?

The Offer is presently scheduled to close at 5.00pm (Perth time) on 6 June 2011, but the Offer Period can be extended in certain circumstances. See Section 6.5 for details of the circumstances in which the Offer Period can be extended.

Further information: Section 6.1.2 and 6.5

When do I have to decide?

If you wish to follow the Directors' recommendation and **REJECT** the Offer, you do not need to do anything.

If you wish to accept the Offer, you need to do so before its scheduled closing date. GGG has indicated that its Offer is scheduled to close at 5.00pm (Perth time) on 6 June 2011, but the Offer Period can be extended in certain circumstances. See Section 6.5 for details of the circumstances in which the Offer Period can be extended.

Further information: Section 6.1.2 and 6.5

What are the conditions to the Offer?

The Offer is conditional. Offer conditions include:

- A 50.1% minimum acceptance condition;
- That GGG receives all required regulatory and shareholder approvals and consents;
- That no event occurs which will have a material adverse effect on Auzex or any of its subsidiaries;
- No material acquisitions, disposals or new commitments;
- No restraining orders from a court or public authority;
- No person exercises rights under certain agreements or instruments;
- No distributions or capital reductions; and
- No prescribed occurrences.

This is only a summary of some of the conditions of the Offer. Further details of the conditions of the Offer are set out in Section 6.2 and in Section 1.10 of Annexure A of the Bidder's Statement.

Further information: Section 6.2 to 6.4

What happens if the conditions of the Offer are not satisfied/or waived?

If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse, and you will not be issued with the Offer Consideration (even if you had accepted the Offer, as your acceptance will become void). However, you would then be free to deal with your Shares.

Further information: Section 6.3

When will I be issued the Offer Consideration if I accept the Offer?

Generally speaking, if you accept the Offer, you will have to wait until no later than:

- One month after acceptance or one month after the Offer becomes unconditional; or
- 21 days after the end of the Offer Period,

to be issued the Offer Consideration.

Further information: Section 6.9 and the Bidder's Statement

What are the tax implications of accepting the Offer?

If you accept the Offer, you may be liable for capital gains tax or income tax as a result of your acceptance.

Specifically for Shareholders who are Australian tax residents and who hold Shares on capital account, you may be liable for capital gains tax if GGG does not secure 80% of all Auzex Shares. This is a serious matter, especially for those whom may have purchased Auzex Shares in the last 12 months as you may be required to pay a substantial amount of tax (in cash) on your gains upon acceptance of the GGG Offer.

A general outline of the tax implications for certain Australian resident Shareholders of accepting the Offer is set out in Section 7 of the Bidder's Statement.

You should not rely on that outline as advice on your own affairs. It does not deal with the position of certain Shareholders. You should therefore seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Shares.

Further information: Sections 1.7 and 8.13 and the Bidder's Statement

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Can the Offer Period be extended?

GGG may extend the Offer Period at any time before giving Notice of Status of Conditions whilst the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are satisfied or waived), GGG may extend the Offer Period at any time before the end of the Offer Period. The maximum Offer Period is 12 months.

GGG must extend the Offer Period if, within the last seven days of the Offer Period, GGG increases the consideration offered or GGG's voting power in Auzex increase to more than 50%. If that happens, the Offer must be extended so it ends 14 days after that event.

Further information: Section 6.5

Is there a phone number that I can call if I have further queries in relation to the Offer?

If you have any further queries in relation to the Offer, please call the Auzex Shareholder information line on (02) 8256 3388 (within Australia) or 1800 356 563 (outside Australia). Note that calls to the information line may be recorded.

4 Your Choices

As a Shareholder you currently have three choices available to you.

Auzex encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Shares.

4.1 CHOICE 1: Take No Action and REJECT the Offer

If you do not wish to sell your Shares on market and do not wish to accept the Offer, you should take no action. **This is the approach recommended by your Directors.**

You should note that:

- There are risks with remaining a Shareholder in Auzex. Some of these risks are discussed in Sections 5.11 and 5.12; and
- If you choose not to accept the Offer, GGG may be able to compulsorily acquire your Shares if it acquires more than 90% of the shares.

4.2 CHOICE 2: Sell Your Shares On Market

During the Offer Period, you may sell all of your Shares through the ASX for cash, provided you have not accepted the Offer.

If you sell your Shares on market, you will receive the consideration for your Shares sooner than if you accept the Offer while it is subject to conditions.

If you sell your Shares on market, you:

- Will lose the ability to accept the Offer and receive 7 GGG shares for every 5 Auzex Shares you hold (and any subsequent increase in the Offer Consideration or an offer from another bidder);
- May incur a brokerage charge; and
- Will lose the opportunity to receive any future benefits from being a Shareholder.

You should contact your broker for information on how to sell your Shares on the ASX and your tax adviser to determine your tax implications from such a sale.

4.3 CHOICE 3: Accept the Offer

You may choose to accept the Offer.

If you accept the Offer now:

- You relinquish control of all of your Shares to GGG until either the Offer becomes, or is declared, unconditional and GGG acquires your Shares, or the Offer lapses and GGG returns control of your Auzex Shares to you; and
- You will not be able to sell your Shares on market or deal with them in any other manner (such as accepting a superior offer from another bidder), unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the Offer, or the Offer lapses.

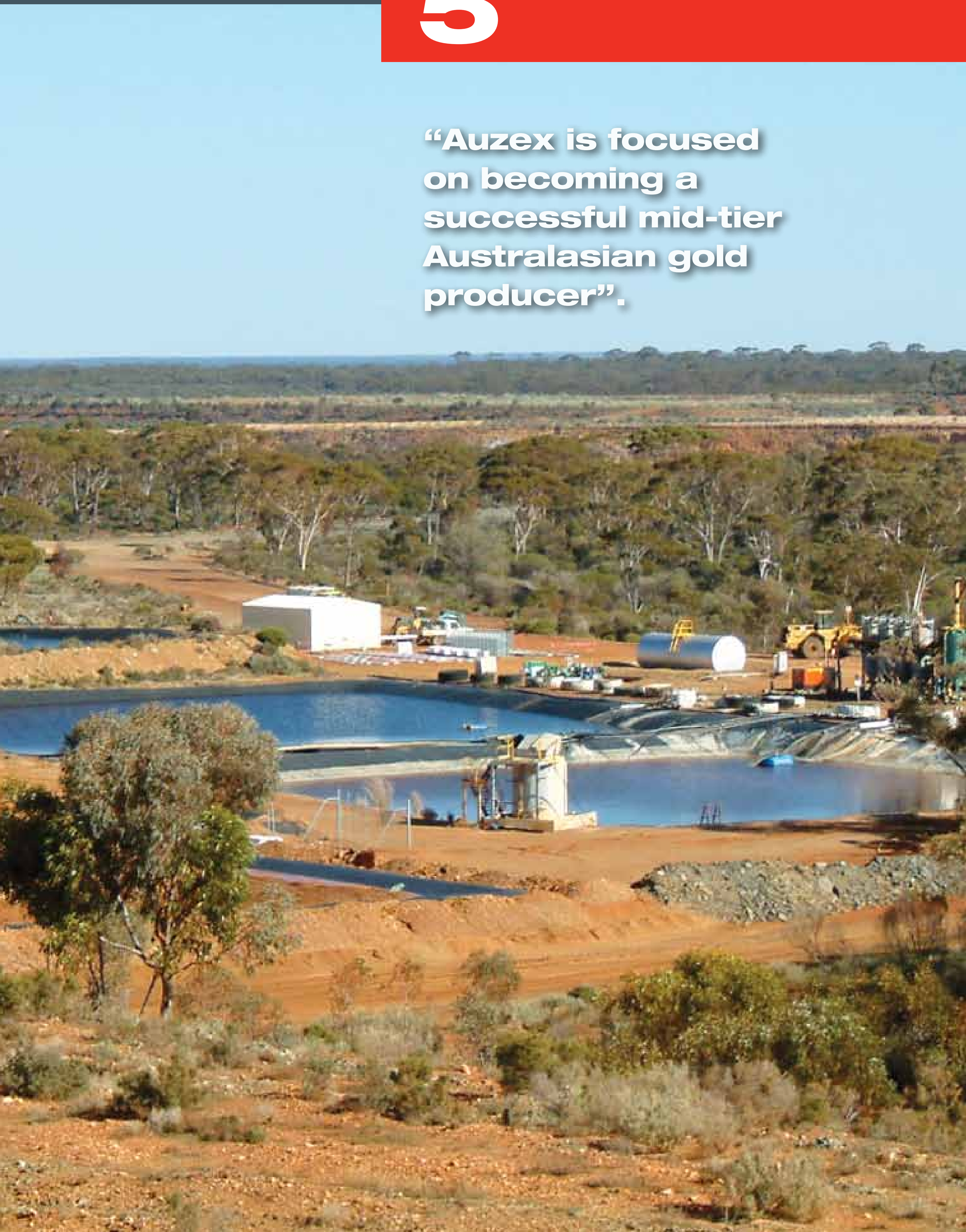
Details of the Offer Consideration that you will receive if you accept the Offer are set out in Section 6.1 as well as in GGG's Bidder's Statement. You will only receive the Offer Consideration if the conditions of the Offer are all either satisfied or waived. The consequences of accepting the Offer are discussed in Section 6.6. The very limited circumstances in which acceptances of the Offer may be withdrawn are set out in Section 6.6.

If you accept the Offer, you may be liable for capital gains tax or income tax as a result of your acceptance. An overview of the taxation consequences for certain Australian resident Shareholders of selling Shares is provided in Section 7 of the Bidder's Statement.

See the GGG Bidder's Statement and the acceptance form provided to you by GGG for instructions on how to accept the Offer.

5

"Auzex is focused on becoming a successful mid-tier Australasian gold producer".



Profile of AUZEX RESOURCES LIMITED

5.1 Company History and Principal Activities

Auzex was founded by current Managing Director John Lawton and Technical Director Greg Partington and was registered as a proprietary company on 29 September 2003. On 7 July 2005, the Company converted to a public company and was listed on the Australian Securities Exchange on 4 October 2005.

Auzex was established to explore for major granite hosted gold systems within Australia and New Zealand and secured outright some of the most prospective targets in eastern Australia and New Zealand as identified by the Company's state-of-the-art prospectivity modelling studies. The Company identified a total of 66 targets in three Project Areas in North Queensland, New England and the west coast of New Zealand.

The Company currently holds 6 significant targets which it intends to spin out into a separate company so that they can be advanced by focused management and separate funding for the benefit of Auzex Shareholders. This will enable Auzex to focus on our flagship project, the Bullabulling Gold Project.

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

Auzex entered into an exclusive option agreement with Jervois Mining Limited to acquire the Bullabulling Gold Project in January 2010. In April 2010, a sale and purchase agreement with Jervois for Auzex and Central China Goldfields plc (subsequently renamed GGG Resources plc "GGG") whereby GGG acquired 50% equity in the project for a payment of A$3.0 million to Auzex (the Bullabulling Sale and Purchase Agreement). The acquisition of the Bullabulling Gold Project mining tenements and plant and equipment with its 50:50 joint venture partner GGG was successfully completed on 13 August 2010 (refer to Section 5.8.1 material contracts of this Target's Statement for a summary of the key terms of this agreement).

An unincorporated joint venture agreement (the Bullabulling Joint Venture) was finalised between Auzex and GGG with each having a 50% interest in the project (refer to Section 5.3 of this Target's Statement for a summary of the Bullabulling Joint Venture Agreement).

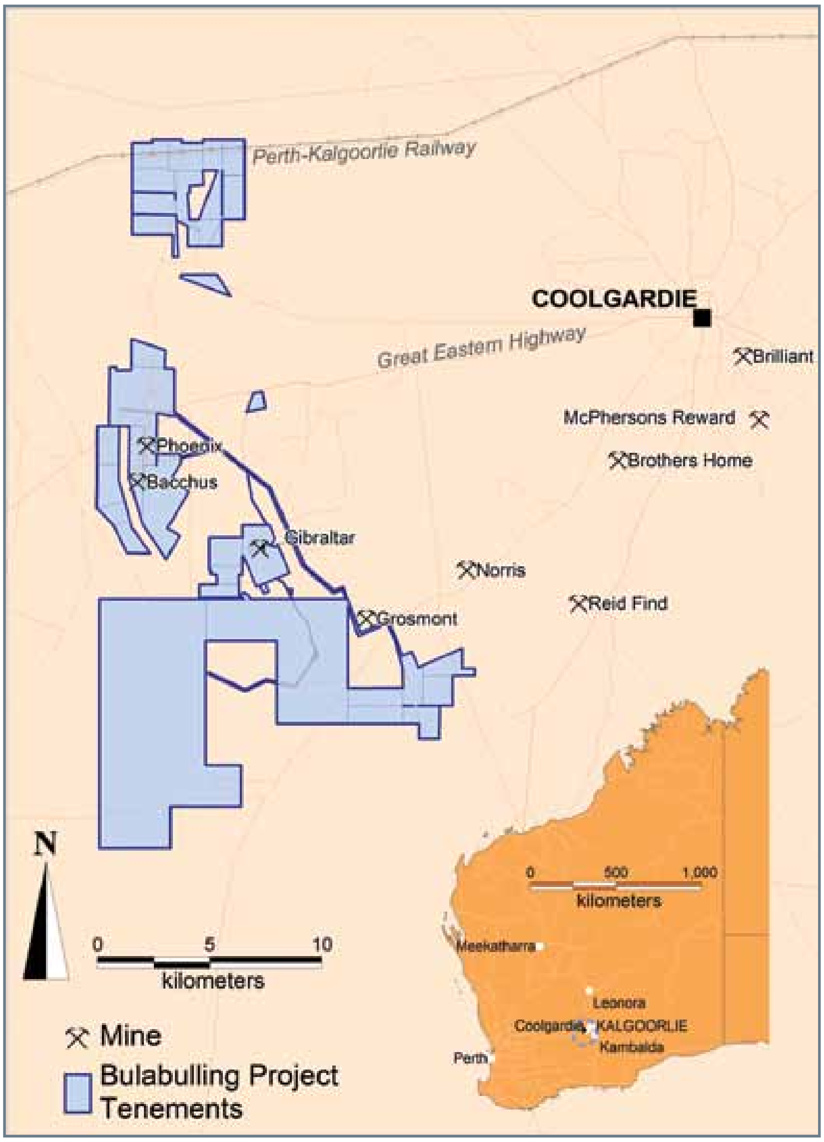
The primary objective of the Bullabulling Joint Venture is to fast track development of Bullabulling to production within an estimated three year timeframe from acquisition. Auzex provides the day-to-day operational management, including preparation and implementation of all programs and budgets, joint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

5.2 The Auzex Strategy

Auzex is focused on becoming a successful mid-tier Australasian gold producer. Auzex believes there is potential to explore and produce gold at Bullabulling for the next 20 years and that the key to unlocking the full potential is by combining the right mix of both exploration and operational skills which it currently has at both Board and management level.

The strategic objective then, as remains currently, was to take Bullabulling through to completion of a bankable feasibility study, development and production within an estimated three year timeframe. We have continued to implement an exploration, feasibility and development program in line with our strategic objectives and remain confident of achieving production within this timeframe.

Auzex's strategy is to develop Bullabulling using in-house resources and operating from on-site as opposed to a 'remote control' operation that is being suggested by its joint venture partner in the Bullabulling Gold Project, UK based GGG Resources plc.



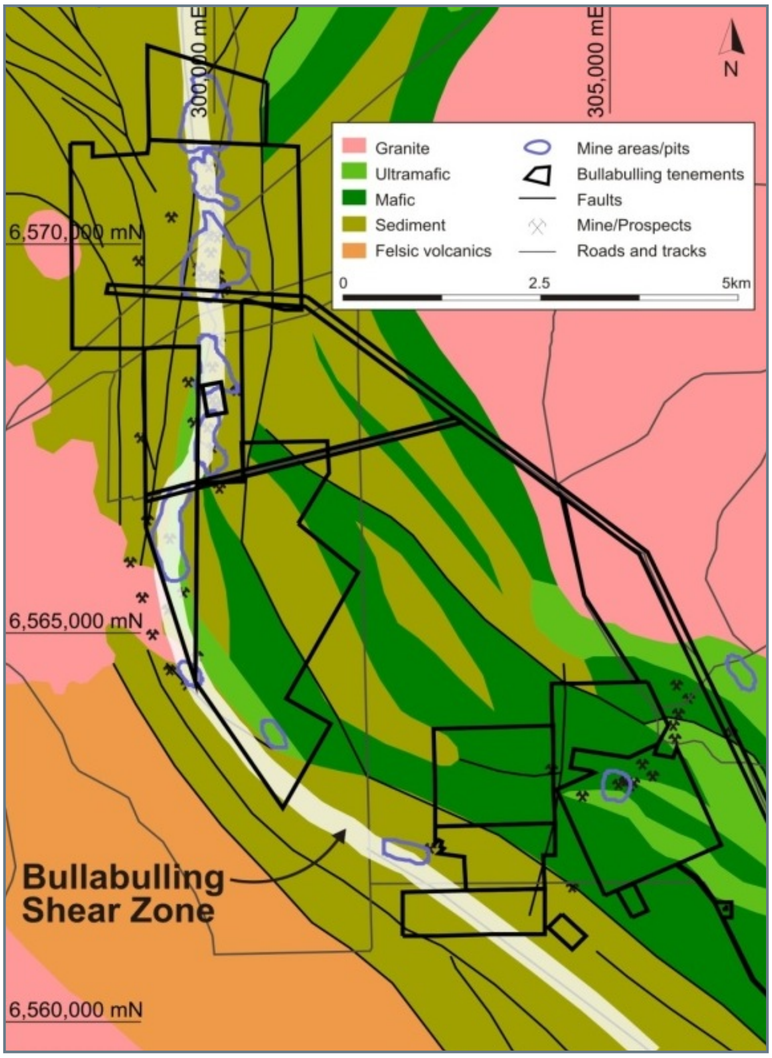
Location of the Bullabulling Gold Project

Auzex also intends to spin-out its high quality exploration projects into a separate entity which will be responsible for advancing each project. This new entity will utilise the modern statistical techniques applied to new mineralisation models to direct its exploration focus and increase the probability of discovery within its project area. The probabilistic approach to exploration that has been used successfully by Auzex to date has also been applied to more advanced projects.

5.3 Overview of Flagship Gold Project, Coolgardie, Western Australia (Auzex 50%)

Background

Auzex's flagship Bullabulling Gold Project is located approximately 65km south west of Kalgoorlie, Western Australia in the highly prospective Eastern Goldfields. The Eastern Goldfields has been a prominent gold mining district ever since the discovery of gold in the region in the 1890's. Bullabulling includes a number of tenements which include granted mining leases and exploration permits covering an area exceeding 140km^2 in aggregate, as shown at left.



The Bullabulling Shear Zone

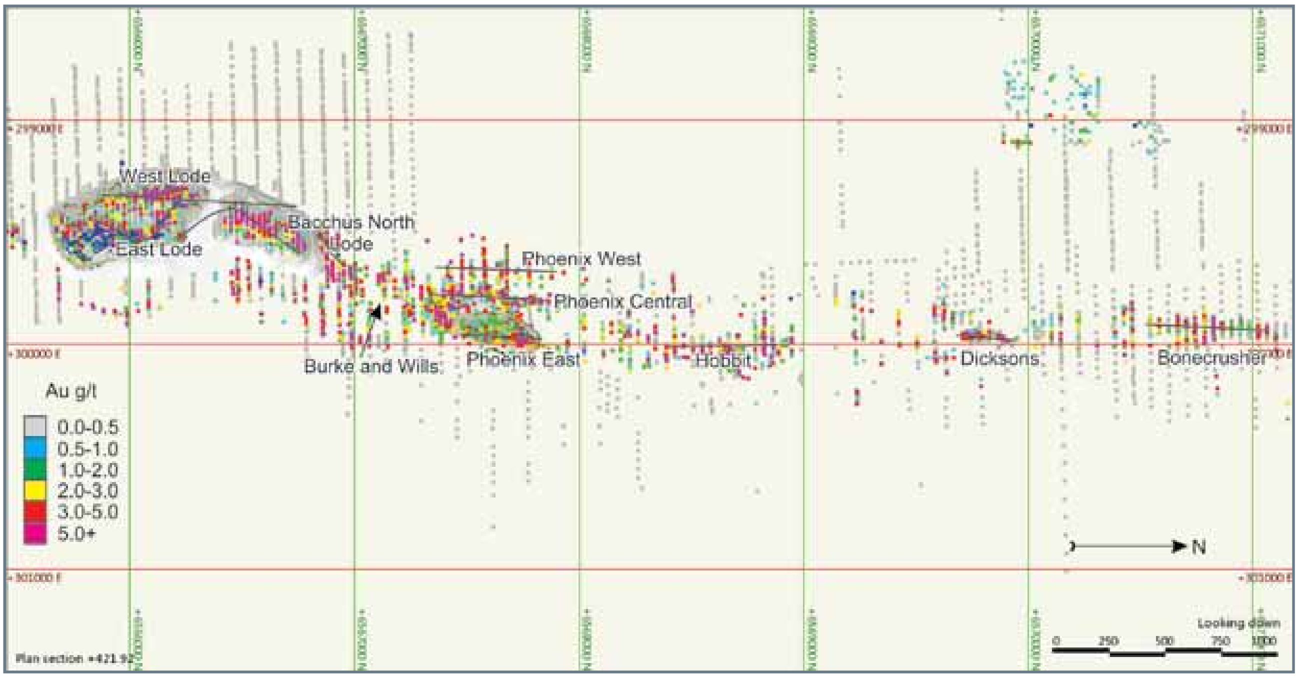
Geology and Mineralisation

Bullabulling is a large tonnage, low grade deposit associated with the regional Bullabulling shear zone, which extends over tens of kilometres. Bullabulling contains nine gold resources along a 12km mineralised zone which remains open in all directions, especially at depth. The mineralised structure is up to 800m wide, consisting of multiple west dipping low grade stacked zones with narrower higher grade gold mineralisation.

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

The Bullabulling Shear Zone

The current exploration and drilling program is focused on approximately 2.3km of the 6km portion known as the Bullabulling Trend where previous operations were concentrated, as shown in the figure (overleaf). The trend extends both to the north and south approximately 20 km in length which will be the focus for the planned exploration drill program over the next 12 months.



6 km

Gold Mineralisation associated with the 6km long Bullabulling Trend

Structural studies on the deposit have confirmed that gold mineralisation can be traced continuously, through 40m spaced drilling sections, along the entire 6km Bullabulling Trend, which remains open to the north, south and at depth. Following the completion of the resource drilling program completed in April 2011, Auzex intends to complete a similar program on the remaining 3.7km of the Bullabulling Trend as part of the recently announced 194,000 metre drill program expected to commence later this month. Three drill rigs have been commissioned to commence this program during May 2011.

Location of Completed Drill Holes within the Current Resource

Profile of Auzex

Resource Overview

The current reported JORC compliant mineral resource is 41,517,000 tonnes at 1.48g/t Au (or 1.98 million ounces of contained gold) at a 0.7g/t Au cut off to a depth of 315m RL, approximately 120m below surface.

Bullabulling Mineral Resource at August 2010

Mineral Resource Estimate	Cut Off Grade (g/t Au)	Class	Tonnes	Grade (g/t Au)	Contained Ounce
August 2010	0.7	Inferred	41,517,000	1.5	1,981,600

The Joint Venture has recently completed a delineation drilling program which was designed to increase and improve the confidence of the current resource and to ultimately delineate a maiden JORC reserve exceeding 1 million ounces of gold, so that production may be fast-tracked to commence in 2013.

Current Drilling Program and Maiden Reserve

The recently completed drilling program, which commenced in late November 2010, targeted the 2.3km long zone between Bacchus and Phoenix pits to increase and upgrade the current inferred resource. The drilling program was designed to focus on infilling the existing drilling data and confirming the quality of the historical drilling through twinning of existing drill holes and testing the mineralised zones below the current base of the resource, including historic high grade intersections beneath the Bacchus North pit.

The aim of the drilling was to compare results from the historical assay database with a view to improving the confidence in the historical assays to allow the current inferred resource to be reclassified to indicated and measured categories, and in turn enable a maiden JORC reserve.

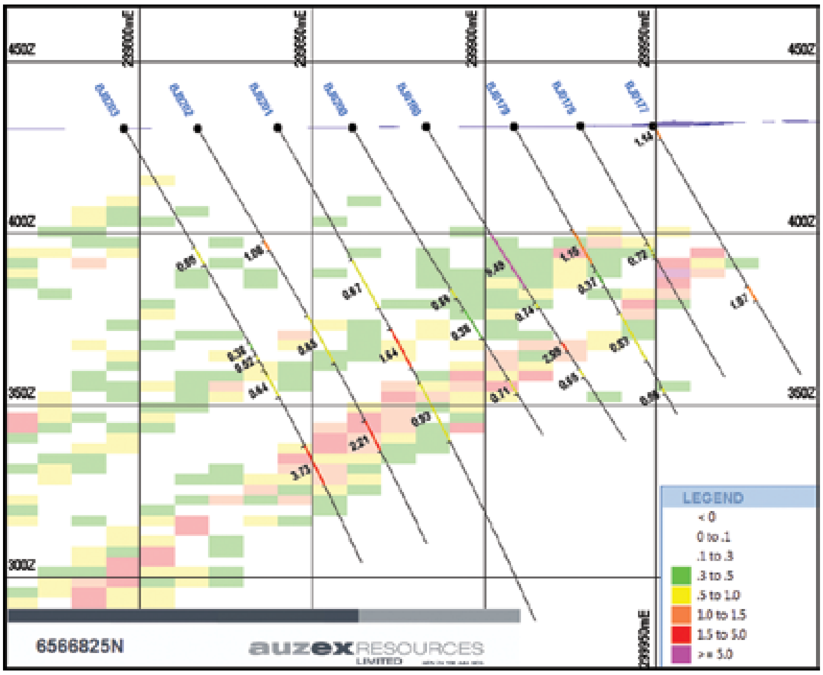
The location of QAQC[2] and infill drilling in the main resource areas in the Bacchus Deeps area (red filled drill collars are completed holes) is shown at left.

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

The recent drilling has continued to improve the confidence of the current resource model and consequently the historical data that was used to estimate the August 2010 resource.

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

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



Drill Cross Section at Bacchus North

Importantly, a number of new zones of mineralisation continue to be intersected outside the current resource model both below and along strike from known mineralisation. For example, new intersections not reported previously include (amongst others):

1m at 23.80g/t Au from 34m in BJ0118;
7m at 1.68g/t Au from 73m in BJ0120;
3m at 9.33g/t Au from 158m in BJ0136;
3m at 3.57g/t Au from 158m in BJ0153;
1m at 11.75g/t Au from 128m in BJ0159.
47m at 0.74g/t Au from 39m in BJ0120;
9m at 1.67g/t Au from 0m in BJ0134;
6m at 1.52g/t Au from 108m in BJ0144;
2m at 8.41g/t Au from 94m in BJ0154; and

Approximately 22% of the reported intersections have indicated gold mineralisation outside the current resource model, as reported to 315m RL (or approximately 120m below surface), which will add to the current resource base of the project.

In addition, of particular importance were the results from Bonecrusher that confirmed similar mineralisation five km along strike from the main resource area. Bonecrusher has the potential to add to the resource base of the project as the footwall lodes found to the south have not been tested in this area.

Proposed Drilling Program

A drilling program proposal, including a total of 194,000m of new drilling, from 1,210 drill holes to an average depth of 160m, was prepared by Auzex for submission to the joint venture management committee, to accelerate and expand the resource drilling and add an increasing understanding of the geology of Bullabulling. Pre-approval for 30,000m of this program was made by the JV prior to announcement of the takeover Offer. However, final JV agreement for this program has been delayed due to the announcement of the GGG Offer. The program has been submitted to the WA Mines Department for approval with the program expected to commence in May 2011.The location of the proposed drilling program of 194,000m of new drilling is shown at left.

This drilling will infill resources to the north, south and at depth, and will also include exploration drilling to define the footwall and hanging-wall contacts of the mineralised trend. Exploration drilling is also planned at depth to test for repetitions of stacked lodes at depth that may have better continuity of high grade mineralisation.

3 The location of planned drill holes are represented by the black circles. The location of completed resource infill drill holes are represented by the black circles with red dots.

Revised Resource and Maiden Reserve Estimates

All relevant drilling information and data is currently being compiled with a view to preparing a new resource and maiden reserve estimates. A new preliminary geological model has been developed, using Multiple-Indicator Kriging (MIK) estimated techniques that reconciles well with known historical production and the current resource estimate. The modelling parameters and technique have been signed off by the consultant geologists.

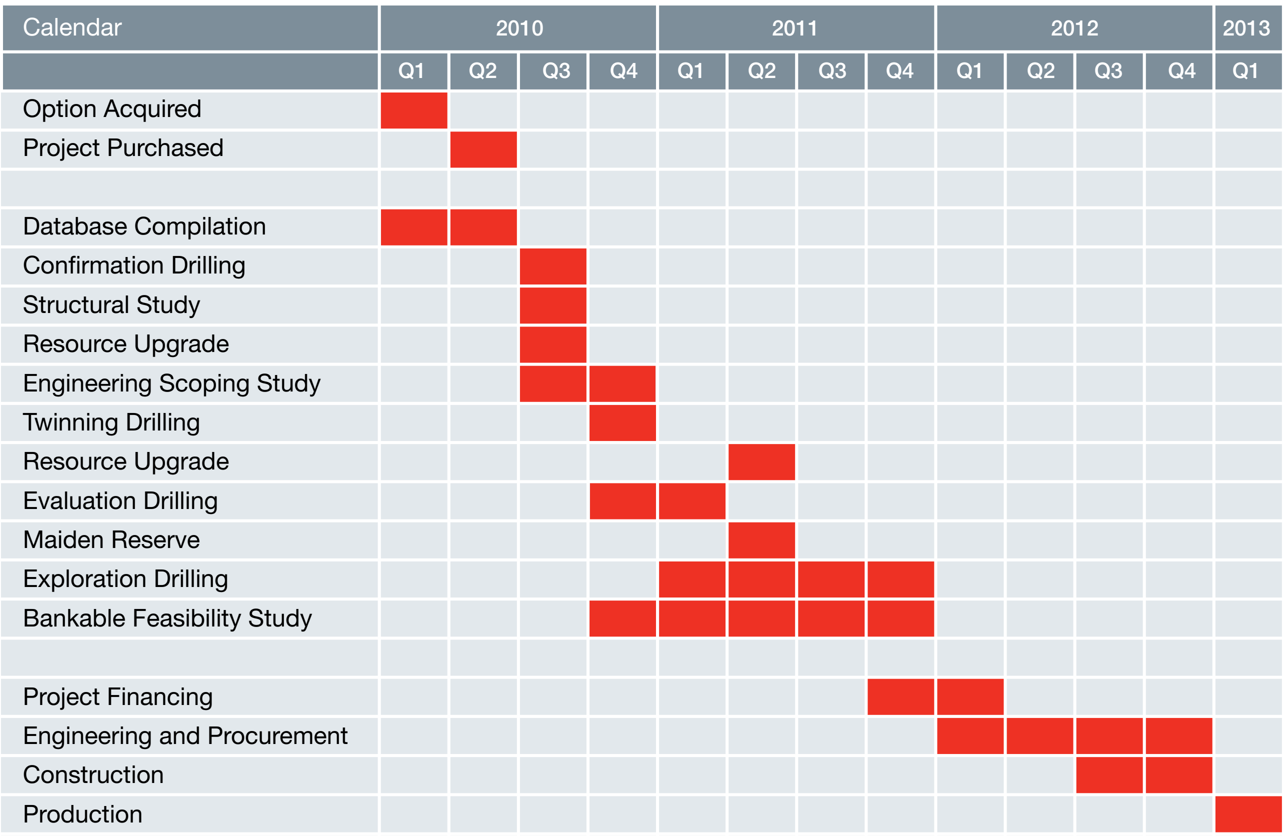
A revised estimate of a JORC resource will be completed during the June 2011 quarter. In addition, pit optimisation work on the model has commenced which will include physical and economic parameters from metallurgical testwork, operating costs and capital expenditure estimates with a view to meeting the minimum 1 million ounce reserve target.

Metallurgists and process engineers are currently reviewing the new metallurgical comminution, recovery and variability testwork data and have started modelling potential processing and plant capital costs, assuming a base case plant capacity of 5.0Mtpa. Preliminary crushing, mill and design work will also be carried out. This information will then be used to optimise plant throughput, and define operating and capital costs for the planned reserve estimation.

Exploration and Development Schedule

Since acquisition, Auzex has continued to fast track all relevant exploration and development activities with a view to establishing an initial reserve exceeding 1 million ounces of gold, so that production may be fast-tracked to commence in 2013.

A summary of the exploration and development schedule is shown below.



The exploration and development schedule has continued in accordance with the approved objectives and strategy of the joint venture and has remained on schedule to date.

The revised JORC resource is expected to be issued during the June 2011 quarter. This will be shortly followed by a maiden JORC reserve.

The proposed drilling program of 194,000m to accelerate and expand the resource drilling will commence in line with previously approved timelines to ensure that all relevant QAQC work and reconciliation of historical data have been factored into the latest resource and reserve model and used as the basis for the selection of individual drill hole locations.

Feasibility studies for the project are well underway and will be progressively developed during the next few quarters with a view to commencing discussions with project financiers and progressing detailed engineering studies during early 2012.

The project remains on schedule to commence production by 2013.

5.4 Other Exploration projects

The focus for the Company over the past twelve months has been the development of the Bullabulling Gold Project. However, through its previous focus on exploration for granite hosted gold deposits in eastern Australia and New Zealand, Auzex retains control of six projects which are the result of its successful prospectivity modelling program:

- Khartoum Tin-Tungsten Project – North Queensland, Australia (Auzex 100%)
- Lyndbook Project, north Queensland, Australia (Auzex 100%), comprising:
  - Running Brook Copper-Gold prospect
  - Galala Range Molybdenum-Tungsten-Gold prospect
- Lyell Gold Project – New Zealand (Auzex 58%)
- Kingsgate Molybdenum-Bismuth Project, NSW, Australia (Auzex 100%)
- Klondyke/Seven Hills Gold Project, NSW, Australia (Auzex 100%)

The gold in granite (or intrusion related gold) mineralisation model is commonly associated with other metals that can be economically viable such as tin, tungsten, molybdenum and bismuth. These exploration projects reflect this relationship.

Auzex is in the process of demerging its exploration assets into a separate company so that they can be separately developed by focused management and separate funding for the benefit of Auzex Shareholders to enable the current management team focus on our flagship project, the Bullabulling Gold Project.

5.4.1 Khartoum Tin-Tungsten project – North Queensland, Australia (Auzex 100%)

Located approximately 100km south-west of Cairns in North Queensland, the geology of the Khartoum tenement is dominated by highly fractionated coarse-grained granites with excellent potential to host economic tin-tungsten mineralisation.

The project area covers a Late Carboniferous-Early Permian felsic intrusive (the Elizabeth Creek Granite), containing over 50 tin, tungsten, molybdenum and gold occurrences. Historic production is estimated to be 15,000t tin.

Outcropping tin mineralisation is associated with 107 recognised greisen zones covering an aggregate area exceeding 50km^2. Exploration at this early stage indicates the potential for Khartoum to be a new world class tin deposit, with a conceptual tonnage/grade potential of 80 –

120 million tonnes at 0.2%-0.3% Sn. 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.

Regional mapping and soil sampling initially identified a 9km by 3km zone of highly anomalous tin geochemistry. Reconnaissance exploration identified 15 key areas with soil values up to 1.8% tin. Key target areas relate to zones of greisen alteration. The greisen zones may be flat-lying or shallow dipping, steeply dipping and traceable for up to 1km in length, or forming sub-vertical 'pipes' (average width approx. 50m) and exposed as prominent topographical features. Results from rock chip sampling indicate that tin occurs as disseminated cassiterite in greisen and to a lesser extent in quartz veins.

Channel sampling was completed over selected greisen bodies to assess potential grade and widths of tin mineralisation in the near surface. The sampling targeted twelve greisen zones where rock chip samples were collected over metre intervals and composited into 5m samples. Most samples came from subcrop and appear representative of in situ greisen pipe. Results were very encouraging with six of the ten pipes sampled averaging greater than 0.1% tin. Best results included 5m at 1.0% tin, 35m at 0.38% tin and 40m at 0.30% tin.


Outcrop at Khartoum Tin Project

A six hole initial scout drilling program was subsequently completed. Tin mineralisation was intersected in all six holes from an area with a 2,500m strike extent and over wide intervals from surface to a depth of 132m with grades between 0.13% and 0.26% tin intersected. Narrow zones of higher grade 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 in the 2.8km by 2.5km area, which along with several tin soil anomalies within the larger 3km by 9km area, provide numerous new targets for future resource drilling. Spectral processing of satellite imagery was used to highlight the considerable potential to increase the scale of the project within the Company's tenement, outside of the area defined by the initial exploration.

Initial metallurgical testwork undertaken on diamond drill core of fresh greisen mineralisation indicate a combined tin recovery from gravity and flotation of 71%. This result is considered highly encouraging because significant improvements are likely to be made with modification to grinding and flotation circuit parameters. Mineralogical studies indicate the cassiterite is generally of fine grain size, free from sulphide and contains only trace stannite (an uneconomic tin mineral).

Detailed geological mapping and channel sampling identified 107 greisen zones containing significant tin mineralisation covering an aggregate area exceeding 50km^2. Sampling to date has totalled 1,373 channel samples (each sample represents 5m length) in 309 traverse lines, 65 rock chip samples and 749 soil samples.

Exploration at this early stage indicates the potential for Khartoum to be a new world class tin deposit with a conceptual tonnage potential of 80 - 120 million tonnes, averaging 0.2% - 0.3% Sn 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.

5.4.2 Lyndbook project, north Queensland, Australia (Auzex 100%)

Located in North Queensland, 150km south-west of Cairns, the area covered by the Lyndbrook group of tenements was originally highlighted by Auzex's prospectivity modelling studies. Key targets within this group include the Running Brook Cu-Au prospect and Galala Range Mo prospect.

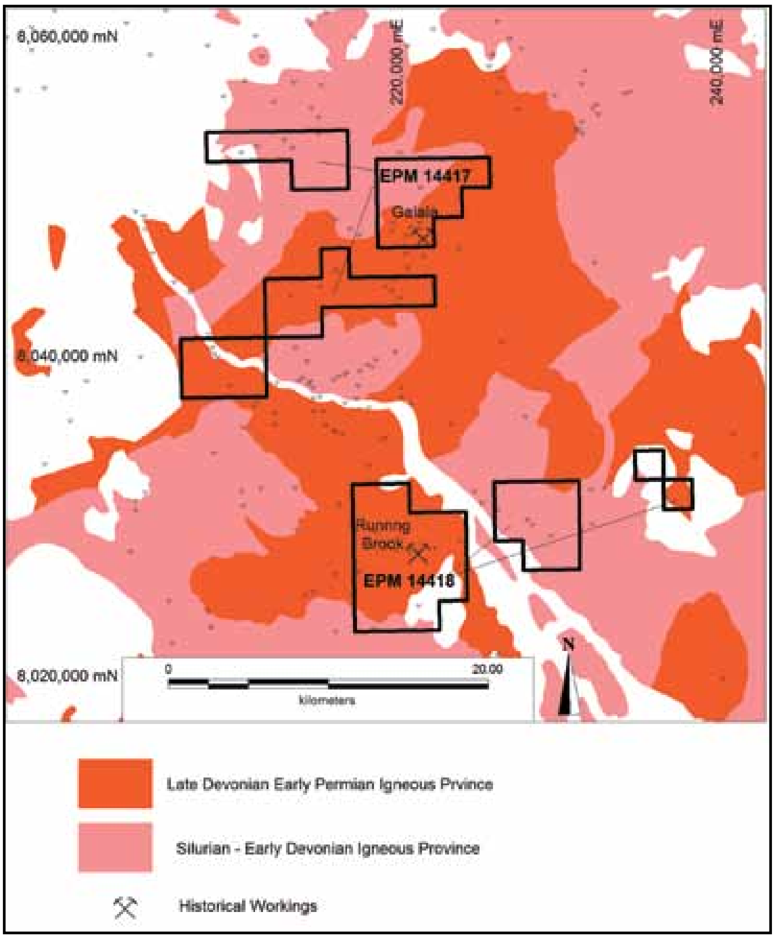
(i) Running Brook Cu-Au prospect

The Running Brook prospect is located north of Mt Surprise with initial soil sampling identifying anomalous gold and copper. A 30ppb Au in soil anomaly was defined over a 1000m x 300m area. Sampling also highlighted a 150ppm Cu in soil anomaly measuring 1000m x 500m that partially overlaps the gold in soil anomaly to the north. This project was modelled on the prolific Kidston gold mine (3.5Moz between 1985 and 2001) located approximately 120km south of Running Brook.

A summary of the key features of the prospect include:

- Infill and extension soil sampling has been completed with highly encouraging gold and copper anomalies being defined.
- Best rock chip samples included a maximum 3.12g/t Au and 8.17% Cu.
- A series of trenches were then completed with a best result of 150m at 0.26g/t gold. A drill program targeting this trench anomaly returned wide zones of low grade uneconomic gold mineralisation.
- A ground magnetic survey was completed and the results used to target a second phase drill program.

  Results from follow-up sampling confirm the prospectively of the region with coherent gold and copper anomalies defined over 900m x 200m and 1,700m x 800m areas respectively. The anomalies overlap but are offset from each other. A series of costeans have been planned to traverse both anomalies to help with geological mapping.



Location of RunningBrook Cu-Au Prospect and the Galala Range Mo-W-Au Prospect

(ii) 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.

A summary of the key features of the prospect include:

- Assay results from a third phase nine hole (884m) drill program were very encouraging highlighting continuity of mineralisation over a 600m x 400m area and confirming the potential for a sizeable molybdenum resource at shallow depth.

- A first phase 33 hole RC drill program for 2,838m was completed at Galala over a 2km by 1.5km area. Twelve holes intersected significant widths of tungsten-gold or molybdenum mineralisation at shallow depths. However, the focus became the molybdenum core with better intersections including 14m at 0.15% Mo from 15m.
- Two additional holes (388m total) were drilled focusing on the molybdenum core. Both holes intersected near surface Mo mineralisation with results up to 5m at 0.2% Mo.
- A further nine holes (for 884m) were drilled with results confirming continuity of mineralisation. All holes intersected significant molybdenum mineralisation including 17m at 0.13% Mo from 30m and 7m at 0.13% Mo from 38m.
- Drilling is planned to infill the area identified to date and to extend mineralisation to the east and south.

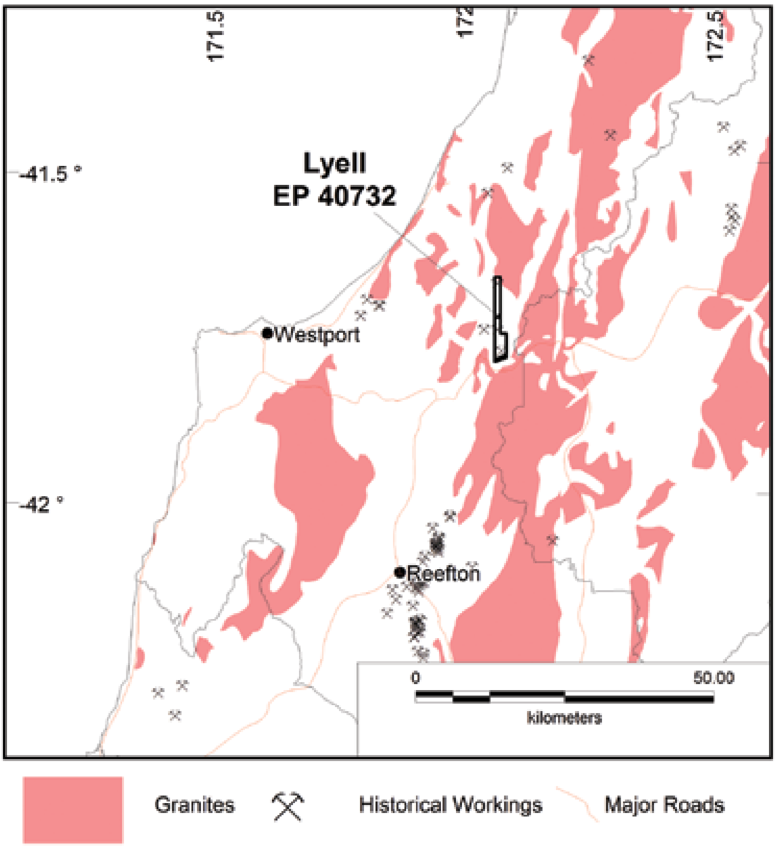
The project has the potential for a range of metals including gold, tungsten and molybdenum.

5.4.3 Lyell Gold Project – New Zealand (Auzex 58%)

The Lyell gold project is located on the west coast of the South Island, approximately 50km east of the township of Westport. Much of the project area covers the northern extension of the Reefton Goldfield which has historically produced 2.1M oz gold, with new discoveries awaiting development. Auzex has previously confirmed the potential of the region to host granite related mineralisation. The current work program is focused on the Lyell gold prospect which is closely analogous to the mesothermal deposit style found at Reefton.

Gold bearing quartz lodes have been worked at Lyell over a strike length of 5km. The most profitable and greatest producer of the mines in the Lyell Goldfield was the Alpine 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 at the project.

Exploration in New Zealand is subject to a Joint Venture with local company New Zealand Minerals Ltd which currently holds approximately 42% interest in all Auzex NZ properties. Auzex manages the Joint Venture and all exploration activities.



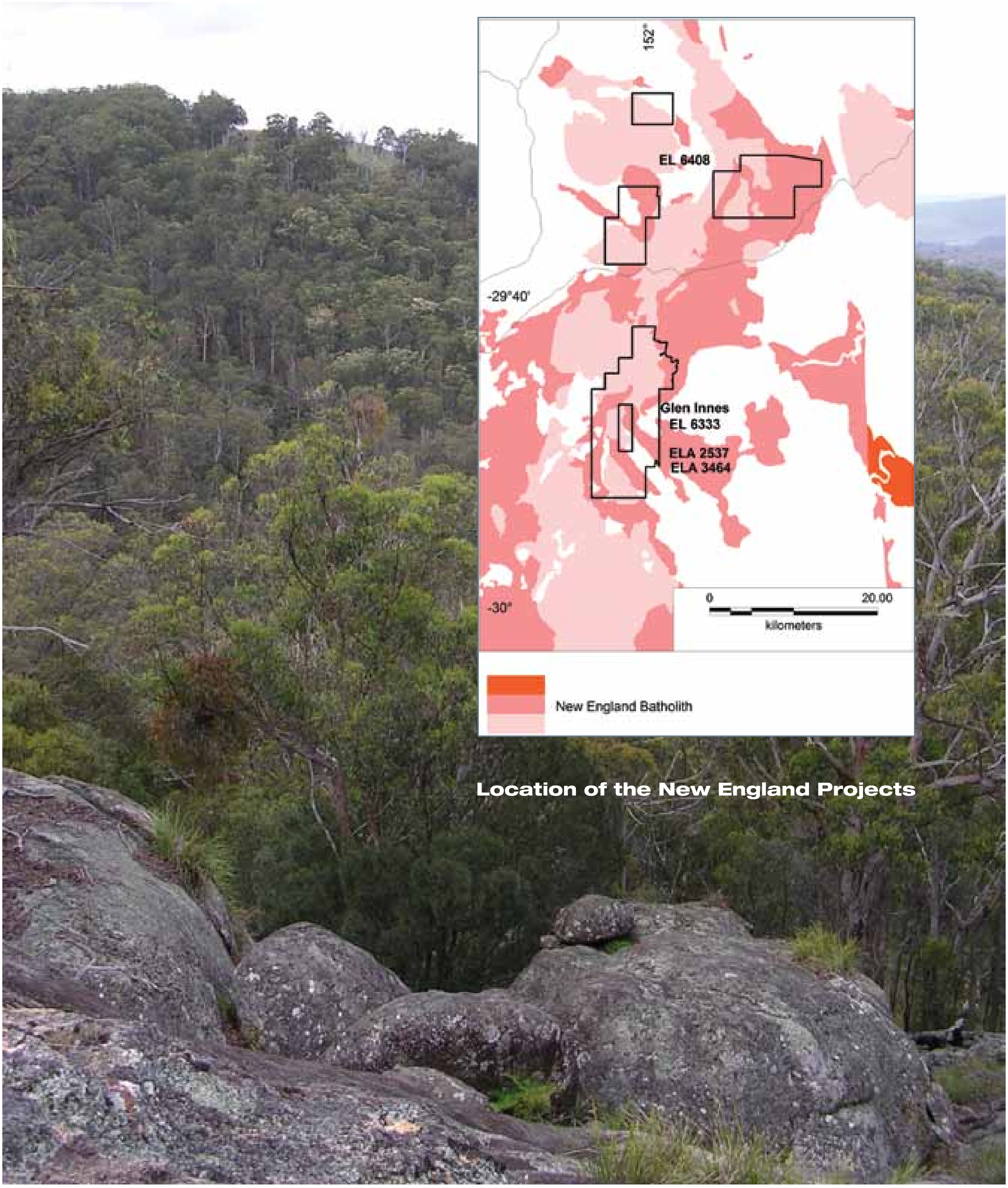
Location of the Lyell Gold Project

Auzex has collected a total of 511 soil samples from the Lyell gold prospect and analysed for a range of elements with only gold and arsenic returning significant values. The results of the soil sampling were highly encouraging with five assays over 1.00g/t Au and spot assays of 39.4g/t Au and 10.05g/t Au. The gold is also associated with high arsenic values up to 6,750ppm As, suggesting the anomalous gold is related to bed rock mineralisation, similar to that found at Reefton. This was confirmed by surface mapping that identified a continuous zone of gold and arsenic soil anomalism extending from Irishmans Creek to beyond Eight Mile Creek over a 3,000m strike length. The soil anomaly straddles the interpreted trace of the anticline axis that hosts the historical Alpine gold quartz reefs and is associated with quartz vein stockworks that have been mapped over a 200m wide zone. The soil anomaly is open along strike particularly to the north.

A diamond drilling program of up to 1,000m in eight holes is currently in progress to test the strong gold in soil anomaly with results expected in June 2011.

5.4.4 Kingsgate Molybdenum-Bismuth-Silica Project, NSW, Australia (Auzex 100%)

Located 20km east of Glen Innes, the Kingsgate Mine was the second largest producer of molybdenum in Australia. Much of the ore was mined from high grade quartz pipes between the 1880s and 1920s. No modern exploration had been completed prior to Auzex acquiring the project. Detailed exploration commenced late 2004 culminating in a Feasibility Study completed in December 2008.



Location of the New England Projects

5.4.5 Klondyke/Seven Hills Gold Project, NSW, Australia (Auzex 100%)

The Klondyke/Seven Hills Gold Project is located 40km north-east of Glen Innes, NSW and 30km from the Kingsgate Molybdenum Project.

Exploration to date has identified two Intrusion Related Gold Deposit (IRGD) targets in the region. Fieldwork provided initial encouraging results with rock chip samples assaying up to 2.5 g/t gold. Soil sampling and mapping subsequently defined anomalous gold in soils within a 3,500m long by 1,500m wide area of interest. The soil anomalies are typically in the range 100-600ppb gold, up to 2 g/t gold. Anomalous rock chip assays from within this zone have recorded values up to 24.4 g/t gold from limonite rich greisen altered granite sub-crop.

Hand auger sampling and trenching were also carried out returning similar gold values to the soil and rock chip sampling. Deep weathering (+20m) caused results of these programs to be sporadic and inconclusive.

Auzex completed a 28 hole (313m) RAB drill program to test four areas with rock, soil or auger gold anomalies for bedrock gold mineralisation in the 3.5 km by 1.5 km target area reported previously. The best intersections included 13m at 8.6 g/t Au and 14m at 1.3 g/t Au. Best results from RC drilling included 8m at 2.7g/t Au from 3m and 8m at 2.8g/t Au from 50m. Interpretation of all data suggests near-surface enrichment from 0-20m and zones of gold depletion between 20-55m. A second program intersected fresh mineralisation in an area where weathering typically extends below 40m depth.

These results confirm the area hosts significantly anomalous bearing granite units that require follow-up exploration.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by John Lawton who is a full-time employee of the Company and member of the Australian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." The latest August 2010 Mineral Resource estimate for the Bullabulling Gold Project was completed under the overall supervision and direction of Steven Hodgson, MAIG, of CSA Global who is a Competent Person as defined by The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). John Lawton and Steven Hodgson consent to the inclusion of this report of the matters based on the information in the form and extent in which it appears.

5.5 Board of Directors

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

The majority of the Senior Management team attained this experience in their roles as senior operatives with Ross Mining, a company which John Lawton, Auzex's co-founder and Managing Director also co-founded. Ross Mining was a successful and innovative Australian gold company which identified, developed and operated 7 gold mines in Australia and the Solomon Islands and provided dividend for its shareholders. Ross Mining was taken over by Delta Gold in 2000.

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

Chris Baker – Non-executive Chairman

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

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

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

Chris was previously an Alternate Director of Ross Mining NL until 2000 and currently holds a number of management and governance positions in New Zealand and Australia, including Chairman of the Coal Association of New Zealand, CEO of Straterra, a group that represents the mining industry in New Zealand, Executive Chairman of the NZCCS Partnership, Director of the Canberra based CO^2CRC, and Director of Saunders Unsworth Ltd (a Wellington based consultancy).

John Lawton – Managing Director

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

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

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

He founded the Company in 2003 and funded its early development through to ASX listing in 2005. Auzex was incorporated as a gold exploration company targeting granite systems in eastern Australia and New Zealand.

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

5.5 Board of Directors (continued)

Eugene Iliescu – Non-executive Director

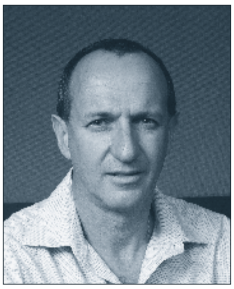
Cert. Eng. Surv., Grad. Dip. Soc. Sc., Dip OH&S

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

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

He held the position of Managing Director of Auzex Resources Ltd for a year from March 2009 through the aftermath of the global financial crisis. Eugene is currently Managing Director of Gentor Resources LLC in Oman involved with the exploration of a copper-gold project.

He has also provided consultancy services to the resources sector within the Middle East, Australia and the Pacific basin. He is a non-executive director of Kenex Pty Ltd.



Greg Partington – Executive Director of Operations

Ph.D., MAusIMM

Dr Greg Partington has more than 30 years experience in the minerals industry both in exploration and mining. He started work as an underground geologist for Western Mining and has worked in various mining and exploration management roles since. His experience with Northern Gold and Ross Mining has given him a sound understanding of what is required to find and develop economic ore bodies. He has been involved in several discoveries during his time in mineral exploration where he actively managed the development and feasibility studies of these projects that include gold, tin and tantalum mineralisation.

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

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

5.5 Board of Directors (continued)

Paul Frederiks – Non-executive Director and Company Secretary

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

Paul Frederiks has extensive experience in public company financial and secretarial management with more than 29 years experience in the Australian resource sector.

Paul has an extensive knowledge base in listed public company financial and secretarial management, external reporting, financial modelling and forecasting, project financing, treasury management, corporate governance and hedging.

Paul held the position of company secretary and chief financial officer of Ross Mining NL for over eight years until 2000 and prior to that he was company secretary and financial controller of Atco-Apm Drilling Pty Ltd for five years. Paul established his own consultancy in 2000 providing company financial and secretarial services to both listed and unlisted public companies. He was Company Secretary of Billabong International Limited from 2000 to 2003. He is currently Company Secretary & CFO of the listed company Geodynamics Limited and has been since 2002. He is a former Non-executive Director of the listed company China Steel Australia Limited and a former non-executive director of GE Aviation Systems Australia Pty Ltd.

Paul is a fellow of CPA Australia, The Australian Institute of Company Directors and Chartered Secretaries Australia. Paul was awarded a scholarship from CPA Australia early in 2005 to complete the Australian Institute of Company Directors Company Directors' course.

5.6 Auzex Capital Structure

As at the date of this Target's Statement, Auzex has the following securities on issue.

Class of Security	Number on Issue
Fully paid ordinary Shares	95,102,968
ASX listed options expiring 13/02/2012 exercisable at $0.20 (AZXOA)	12,016,805
Unlisted options expiring 21/10/2013 exercisable at $0.15	1,943,479

5.7 Financial Information and Related Matters

As at 31 March 2011 Auzex held $6.5 million in cash and was debt free. Auzex's full consolidated statements for the period ended 31 December 2010 can be found in its 2011 Half Yearly Report which is available at www.auzex.com and www.asx.com.au (ASX code: AZX).

There has not been any matter or circumstance, other than those referred to in Auzex's consolidated statements, its half-yearly Report and this Target's Statement that has significantly affected, or may significantly affect the operations of Auzex in future financial years.

5.8 Material Contracts

5.8.1 Bullabulling Sale and Purchase Agreement

Auzex acquired its 50% interest in the Bullabulling Gold Project under a sale and purchase agreement dated 22 April 2010 between Jervois Mining Limited (**Jervois**), Goldpride Pty Ltd, Auzex Resources Limited and GGG Resources plc.

Under this agreement, Auzex and GGG have agreed to:

a) (**Jervois Royalty**): Grant Jervois a production royalty of $30 per ounce for the first 400,000 ounces of gold produced from the subject tenements and $20 per ounce thereafter;

b) (**Australasian Royalty**): Assume Jervois' obligations to Australasian Resources Limited to pay a royalty of $10.00 per fine ounce (or fine ounce equivalent) of all gold produced from tenement ML15/503, excluding the first 100,000 ounces produced; and

c) (**Franco-Nevada Royalty**): Assume Jervois' obligations to Franco-Nevada Australia Pty Ltd to pay a 1% gross royalty on all gold produced from tenements M15/282 and M15/554.

5.8.2 Bullabulling Joint Venture Agreement

Auzex and GGG are parties to a joint venture agreement that establishes and governs the Bullabulling Joint Venture (Bullabulling Joint Venture Agreement). This agreement contains terms and conditions which are customary in an unincorporated joint venture agreement for the exploration and development of mineral assets in Australia. The following is a summary of a number of key terms:-

a) (**Scope of Joint Venture**): Under the joint venture agreement the parties have agreed to carry out exploration and comprehensive feasibility studies into the mining, extraction, production and delivery of product from Bullabulling and the development of associated infrastructure. A new joint venture agreement will need to be negotiated in respect of development of the Bullabulling Project to production. Auzex and GGG have agreed to negotiate in good faith to enter into a replacement joint venture agreement for the development of the Bullabulling Project on substantially the same terms as the current joint venture agreement (subject to matters specific to the development, the proposed operations and the prevailing circumstances at the time).

b) (**Joint Venture Committee**): Auzex and GGG have established a joint venture committee under which each has votes reflecting its joint venture interest, with decisions being by simple majority (except for certain decisions which must be approved by a special majority). While Auzex and GGG each hold a 50% joint venture interest, all decisions need to be unanimous.

5.8.2 Bullabulling Joint Venture Agreement (continued)

c) (**Joint Venture Manager**): At a meeting of the joint venture committee on 15 June 2010, Auzex and GGG resolved to appoint Auzex as manager for the first phase of development work at Bullabulling. To date, Auzex has been responsible for the day-to-day operations and provides day-to-day operational management, including preparation and implementation of all programs and budgets, joint venture reporting, compliance, tenement management, health and safety, site access, accounting and finance, working capital and the direct employment and management of staff, consultants and contractors. Formal documentation of Auzex's role as manager of the Joint Venture has not been executed and GGG now disputes Auzex's appointment as joint venture manager. Auzex believes that it is the joint venture manager and that this is consistent with the decision of the joint venture committee on 15 June 2010 and its actual work to date.

d) (**Accounting and Finance**): The Manager is responsible for the accounting and finance function of the Joint Venture. The Manager issues cash calls to the joint venture participants for the provision of funding from the Bullabulling Project. Each party is required to contribute funding in proportion to its joint venture interest. To date, Auzex has carried out this role and commits and settles all third party costs on behalf of the Joint Venture and invoices GGG in arrears.

e) (**Election to Dilute**): Each party may elect not to contribute to a 6 monthly program and budget in which case the party will be diluted.

f) (**Funding Default**): Where a party defaults in payments due under the agreement, and the other party elects to contribute the shortfall, the defaulting party will be diluted and may be bought out at a fair market value determined by an independent expert.

g) (**Change of Control**): If any party other than Auzex, GGG or their representatives acquires a relevant interest of 30% or more in the issued capital of either party then the other party will be entitled to increase its interest in the Joint Venture to 80% through the expenditure of $2 million within two years of the change of control to develop the Bullabulling Project, provided that party has an interest in the Joint Venture Agreement of at least 50% and has not defaulted under the Joint Venture Agreement.

   The acquisition of Shares by GGG under the Offer will not constitute a Change of Control.

h) (**Transfer pre-emptive Rights**): Before a party can accept a bona fide cash offer from a third party for the whole of its interest in the Bullabulling Joint Venture (other than from a related party), it must offer to sell its interest in the Bullabulling Joint Venture to the other party for the same cash price and other party has 30 business days to accept the offer.

i) (**Insolvency Event**): If an insolvency event occurs in respect of a party or of a holding company of a party that party is deemed to have offered to transfer the whole of its Joint Venture interest to the other party at fair market value.

j) (**Less than 10% interest**): If the interest of any party in the Bullabulling Joint Venture is less than 10% for any reason, then that party must immediately offer to transfer the whole of its interest to the other party to the agreement for fair market value.

5.8.2 Bullabulling Joint Venture Agreement (continued)

l) (**Default**): From the date upon which any of the events of default as defined in the agreement below occur, the party that defaults shall be deemed to have made an offer to the non-defaulting party to sell all of their interest in the Bullabulling Project at fair market value.

m) (**Dispute Resolution**): The procedure for dealing with any dispute that arises under the Joint Venture Agreement is:

   i. First, within 10 business days after a party receives notification about the dispute, a senior representative of each disputing party must meet and use reasonable endeavours acting in good faith to resolve the dispute by joint discussions;

   ii. Second, the disputing parties will choose and appoint an independent expert who must make a determination or finding on the issues in dispute as soon as practicable and in any event within 20 business days of appointment, or such longer period as may be agreed between the disputing parties.

No party may commence Court proceedings in relation to a dispute until it has exhausted the procedures above, unless the party seeks appropriate injunctive or other interlocutory relief.

5.9 Other Information about Auzex

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

5.10 Risk Factors Relating to Auzex

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

5.11 Specific Business Risks

5.11.1 Future capital needs and additional funding

The development of Auzex's projects may require additional funding, and there is no guarantee that Auzex will be able to secure further funding on appropriate terms or that the terms will not be dilutive to investors.

5.11.2 Acquisition and exploration risk

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

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

5.11 Specific Business Risks (continued)

5.11.3 Development risk

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

There is no guarantee that any projects will be developed successfully, become economically viable or successfully enter production.

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

5.11.4 Health and safety

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

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

5.11.5 Native title

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

5.11.6 Regulatory and legislative risks

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

5.11.7 Market for shares in Auzex

There can be no guarantee that a liquid market in Auzex shares will exist after the Offer closes. There may be relatively few, or many, potential buyers or sellers of Auzex shares on ASX at any given time. This may affect the prevailing market price at which Auzex shareholders are able to sell their shares. This may result in Auzex shareholders receiving a market price for their Auzex Shares which is less or more than the Offer Consideration or the current market price at which shares trade on ASX.

5.11 Specific Business Risks (continued)

5.11.8 Reliance on Directors and senior management

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

5.11.9 Shortages of skilled personnel

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

5.11.10 Tenement title risk

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

5.11.11 Environmental risks

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

5.11.12 Insurance

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

5.11.13 Litigation risk

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

5.12 General Economic and Market Risks

5.12.1 Commodity Price Risk

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

5.12 General Economic and Market Risks (continued)

5.12.2 Economic Risk

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

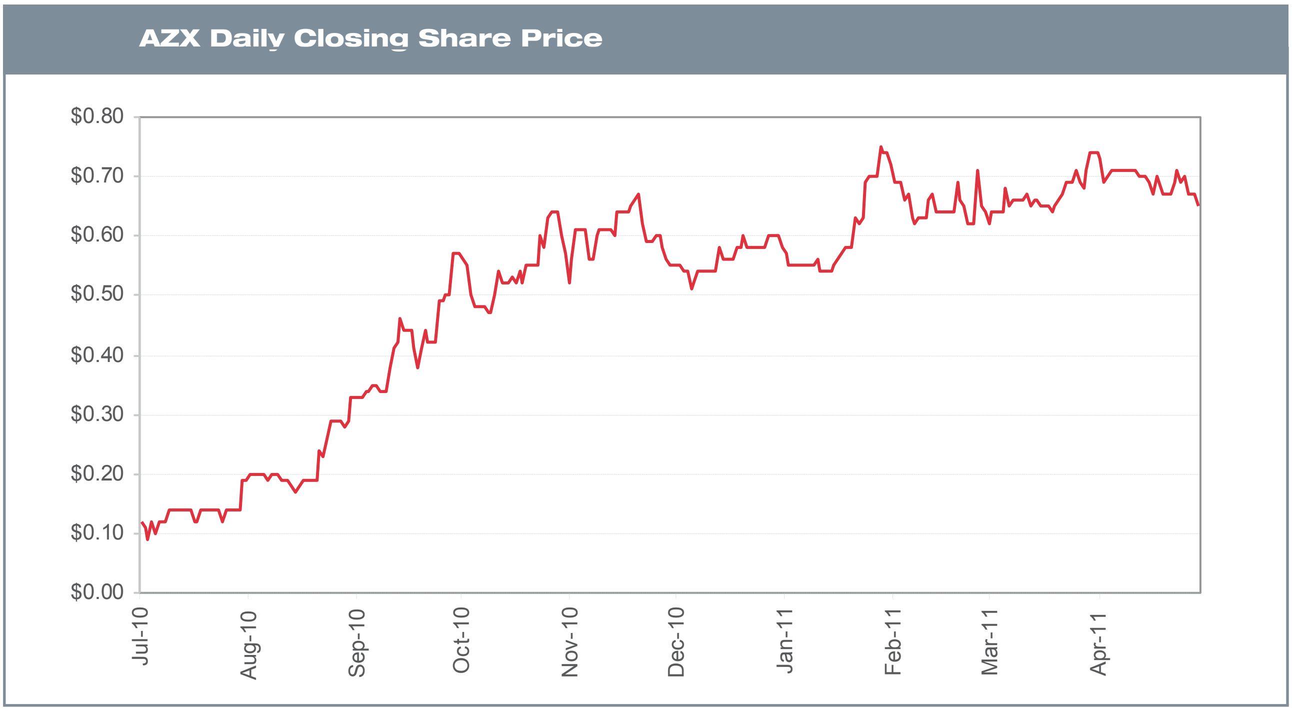
5.12.3 Government Approvals

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

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

5.13 Recent Performance of Auzex Shares

Set out below is a chart showing trading prices of Auzex Shares on ASX for the period between 23 July 2010 and 16 May 2011 which is the period where Auzex finalised its rights issue to fund the development of Bullabulling and today. Auzex has returned 442% to Shareholders during this period.



5.14 Dividend History

Auzex has not previously and does not currently pay dividends.

6 The Offer Information

6.1 The Offer

On 14 March 2011, GGG announced its intention to make the Offer, being an offer to Auzex Shareholders to acquire all of their Auzex Shares (including all rights attaching to those Auzex Shares) on the basis of 7 GGG Shares for every 5 Auzex Shares.

On 15 April 2011, GGG released its Bidder's Statement, which contains the Offer and which was subsequently sent to Shareholders.

6.1.1 What GGG is Offering

The Offer Consideration being offered to you under the Offer is 7 GGG Shares for every 5 Auzex Shares you hold.

The Offer has been made to each person registered as a holder of Auzex shares as at the Record Date. Any person who is able during the Offer Period to give good title to a parcel of Auzex Shares and who has not already accepted the Offer in respect of those Auzex Shares may accept the GGG Offer.

The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period becomes registered as a holder of Auzex Shares due to the conversion of, or exercise of rights conferred by options that are on issue at the Record Date.

The consideration that GGG has offered will only become payable to you if all of the conditions of the Offer are satisfied or waived. These conditions are summarised in Section 6.2 of this Target's Statement and are set out in full in GGG's Bidder's Statement.

6.1.2 Offer Period

The Offer opened on 3 May 2011 and is scheduled to close at 5.00pm (Perth time) on 6 June 2011, unless GGG extends the Offer Period in accordance with the Corporations Act.

6.1.3 Withdrawal by GGG

GGG may be able to withdraw its Offer with the written consent of ASIC, subject to the conditions (if any) specified in such consent.

6.1.4 Lapse of the Offer

The Offer will lapse if, at the end of the Offer Period, the conditions to which the Offer is subject are not satisfied or waived. If this occurs then any contracts resulting from acceptance of the Offer by Shareholders will become void. If the Offer lapses then Shareholders who have accepted the Offer will continue to own the Shares the subject of any such acceptances and will be free to deal with them as they choose.

6.2 Conditions of the Offer

The Offer is subject to a number of conditions. Those conditions are set out in full in Section 1.10(a) of Annexure A of GGG's Bidder's Statement.

In summary, the conditions of the Offer are:

- A 50.1% minimum acceptance condition;
- That GGG receives all required regulatory and shareholder approvals and consents;
- That no event occurs which will have a material adverse effect on Auzex or any of its subsidiaries;
- No material acquisitions, disposals or new commitments;
- No restraining orders from a court or public authority;
- No person exercises rights under certain agreements or instruments;
- No distributions or capital reductions; and
- No prescribed occurrences.

This is only a summary of the conditions of the Offer. You should review Section 1.10(a) of Annexure A of GGG's Bidder's Statement for details of all of the conditions of the Offer.

6.3 Consequences of Conditions Not Being Satisfied

You should be aware that, even if the conditions of the Offer are not satisfied (or triggered, as appropriate), they may be waived by GGG.

If any condition is unsatisfied (or has been triggered), and has not been waived, GGG can decide whether or not to proceed with the acquisition of Shares under its Offer or allow its Offer to lapse as a result of unsatisfied conditions. In those circumstances, generally speaking, GGG would not have to decide whether to proceed with the acquisition of Shares under its Offer until the date that it is required to provide its Notice of Status of Conditions (namely 27 May 2011) which can be postponed if the Offer Period is extended.

6.4 Notice of Status of Conditions

The GGG Bidder's Statement indicates that GGG will give a Notice of Status of Conditions by 5.00pm (Perth time) on 27 May 2011, unless the Offer is extended.

GGG is required to set out in its Notice of Status of Conditions:

- Whether the Offer is free of any or all of the conditions of the Offer;
- Whether, so far as GGG knows, any of the conditions have been fulfilled; and
- GGG's then current voting power in Auzex.

If the Offer Period is extended before the time by which that notice is to be given, the date that GGG must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, GGG is required, as soon as reasonably practicable after the extension, to give notice to the ASX and Auzex that states the new date for giving the Notice of Status of Conditions.

In addition, if a condition of the Offer is fulfilled during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, GGG must, as soon as practicable, give the ASX and Auzex a notice that states that the particular condition has been fulfilled.

6.5 Extension of the Offer Period

GGG may extend the Offer Period at any time before giving the Notice of Status of Conditions while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are satisfied or waived), GGG may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- GGG improves the consideration under the Offer; or
- GGG's voting power in Auzex increases to more than 50%.

If either of these two events occurs within the last seven days of the Offer Period, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

6.6 Effect of Acceptance and Rights of Withdrawal

If, despite the unanimous recommendation of the Board to **REJECT** GGG's Offer, you accept the Offer, you would (subject to the withdrawal rights discussed below):

- Relinquish control of the all of your Shares to GGG with no guarantee of receipt of the Offer Consideration until the Offer becomes, or is declared, unconditional and GGG acquires and pays for your Shares, or the Offer lapses (as discussed in section 6.3) and your Auzex Shares are returned to you;

and not:

- Be able to sell your Shares on market or deal with them in any other manner manner including accepting any higher takeover bid; or
- Vote on the Auzex Proposal; or
- Be entitled to any distributions on those Shares (such as an entitlement to receive shares in the spin off exploration company),

unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the Offer, or the Offer lapses.

If, despite the unanimous recommendation of your Directors to **REJECT** GGG's Offer, you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary, you may withdraw your acceptance of the Offer if GGG varies its Offer in a way that postpones, for more than one month, the time when GGG needs to meet its obligations under the Offer. This will occur if GGG extends the Offer Period by more than one month and the Offer is still subject to conditions.

In those circumstances, you will have a period of one month after the date that the Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you will receive further statutory withdrawal rights (that is, a further month long withdrawal right for each and every extension thereafter).

6.7 Improvement to Consideration

If GGG improves the Offer Consideration, all Shareholders who accept the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved consideration.

The effect of acceptance of the Offer is set out in more detail in Section 1.6 of Annexure A of GGG's Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Shares and the representations and warranties that you are deemed to give to GGG by accepting the Offer.

6.8 Compulsory Acquisition following takeover offer

If GGG acquires more than 90% of the shares in the bid class and has acquired at least 75% (by number) of the Auzex Shares that it offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise) it may compulsorily acquire all remaining Shares under Part 6A.1 of the Corporations Act.

GGG has indicated in its Bidder's Statement that it intends to compulsorily acquire all Auzex Shares that it does not already hold if it becomes entitled to proceed to compulsory acquisition of Auzex Shares under Part 6A.1 of the Corporations Act.

If it is entitled to proceed to compulsory acquisition of Auzex Shares under Part 6A.1 of the Corporations Act, GGG will have up to one month after the end of the Offer within which to give compulsory acquisition notices to Auzex Shareholders who have not accepted the Offer. Auzex Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Auzex Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent "fair value" for the Auzex Shares.

Under Part 6A.1 of the Corporations Act, GGG may elect to acquire any Auzex Shares issued after the end of the Offer Period upon exercise of Auzex Options after the end of the Offer Period.

Auzex Shareholders should be aware that if they do not accept the Offer and their Auzex Shares are compulsorily acquired those Auzex Shareholders may face a delay in receiving the consideration for their Auzex Shares compared with Auzex Shareholders who have accepted the Offer.

6.9 When you will be paid if you accept GGG's Offer

If, despite the unanimous recommendation of your Directors to **REJECT** GGG's Offer, you validly accept it, GGG will provide the Offer Consideration for your Shares not later than:

- One month after this Offer is accepted or this Offer (or the contract resulting from its acceptance) becomes unconditional, whichever is the later; but
- In any event (assuming the Offer becomes or is declared unconditional) not later than 21 days after the end of the Offer Period

Full details of when you will be paid, including payment of consideration in circumstances where additional documents are required are set out in Section 1.7 of Annexure A to GGG's Bidder's Statement.

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Profile of GGG

7.1 Disclaimer

This overview of GGG contained in this Target's Statement has been prepared by the Company using publicly available information.

The information in this Target's Statement concerning GGG has not been independently verified. The Company does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on GGG is not considered to be comprehensive.

7.2 Company History and Principal Activities

GGG was incorporated on 3 November 2004 as Central China Goldfields plc and its shares were admitted to trading on AIM, a market operated by the London Stock Exchange plc, in March 2005. On 16 August 2010, GGG changed its name to GGG Resources plc.

GGG set itself up as an exploration and development company concentrating on projects in China. In July 2009, the Company's main asset, the Nimu project was sold with the majority of the funds being repatriated back to the UK from China. GGG is in the process of dissolving its 100% owned Chinese subsidiary.

GGG is based in Manchester, United Kingdom.

In February 2010 GGG was offered the opportunity by Auzex to enter an option agreement over the Bullabulling Gold Project. The agreement gave GGG the right to acquire a 50% interest in the Bullabulling Gold Project by payment in aggregate of $3.0 million, part of which was for the replacement of existing environmental security bonds for the Bullabulling tenements and the purchase of existing building, plant and machinery. At the same time the Company subscribed for a $1.5 million placement in Auzex at $0.25 per share by the issue of 6,000,000 shares in Auzex.

GGG's only asset is the Bullabulling Gold project located in Coolgardie, Western Australia which it owns 50-50 with Auzex.

GGGs key activity is the participation at Joint Venture level in the development of Bullabulling. In that role GGG is required to contribute 50% of the expenditure of the project and for 2 directors attend a 2-day Joint venture meetings which are held approximately every 2 months. At the Joint Venture Committee meetings the JV reviews and signs off on work programs and budgets which are presented to it by Auzex which acts as the joint venture manager. Auzex's technical team, together with its consultants and contractors, are responsible for the rapid development of the Bullabulling Gold Project to date.

7.3 ASX secondary listing

On 17 May 2011, GGG was admitted to the Official List of ASX Limited. 20,322,500 Chess Depositary Interests (CDIs) representing fully paid ordinary shares were issued.

Shares allotted by GGG under the ASX listing will take the form of uncertificated CHESS Depositary Interests ("CDIs") over its shares as an alternative to holding UK registered share certificates. UK restrictions mean that GGG shareholders cannot trade their GGG shares on ASX except in the form of CDIs.

7.4 GGG Board of Directors

Details of the responsibilities and experience of the GGG directors (as at date of their Bidder's Statement) are set out in the GGG Replacement Prospectus for its proposed ASX secondary listing and in the GGG 2010 Annual Report, a copy which is available at www.gggresources.com.

A brief summary of the GGG Board is set out below

Dr. Peter Antony Ruxton – Non-executive Chairman
Location: United Kingdom | Mr. Ruxton is required to work 36 days annually for the Company.

Dr. Jeffrey Francis Anthony Malaihollo – Managing Director
Location: United Kingdom | Mr. Malailhollo is employed full-time by the Company.

Ciceron Angeles – Technical Director
Location: Philippines | Mr. Angeles is required to work 36 days annually for the Company.

David McArthur – Finance Director
Location: Perth, Australia | Mr. McArthur is required to work 60 days annually for the Company.

Michael John Short – Non-executive Director
Location: United Kingdom | Mr. Short is required to work 18 days annually for the Company.

Nigel Bruce Clark – Non-executive Director
Location: China | Mr. Clark is required to work 36 days annually for the Company.

Paul McGroary – Non-executive Director
Location: United Kingdom | Mr. McGroary is required to work 18 days annually for the Company.

7.5 Capital Structure

7.5.1 Issued Capital

As at 17 May 2011 following admission to the ASX, GGG had the following securities on issue:

Class of Security	Number on issue
Fully Paid ordinary Shares	165,746,090

7.5 Capital Structure (continued)

7.5.2 GGG Options

As at date of issue of GGG Bidder's Statement, GGG had the following Options on issue

Number of GGG Options	Exercise price per GGG option	Expiry Date
200,000	38p	23 February 2012
3,075,000	32p	23 February 2012
500,000	7p	6 October 2014
3,425,000	8p	23 April 2015
1,150,000	10p	30 June 2015
3,630,000	40p	23 November 2015

7.5.3 Warrants

On 15th July 2010, GGG established a warrant instrument by deed poll. (see GGG Bidder's Statement for further details).

Number of GGG Warrants	Exercise price per GGG warrant	Expiry Date
4,934,211	12.6p	19 January 2012

7.6 Substantial Shareholders of GGG

As at 17 May 2011 the substantial shareholders of GGG were:

GGG Shareholder	Number of GGG Shares	% of GGG Shares
Baker Steel Managed Funds	16,934,574	10.2%
BlackRock Investment Management	9,963,829	6.0%

Auzex holds 7,022,472 shares representing approximately 4.2%. Auzex does not hold any GGG options or warrants.

7.7 Website

GGG maintains a website, www.gggresources.com, which contains further information about GGG and its operations.

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"Since acquisition, Auzex has continued to fast track all relevant exploration and development activities"

Additional Information

8.1 Directors' Recommendation and Intentions

In assessing the Offer, your Directors have had regard to a number of considerations, including the information set out in the GGG Bidder's Statement.

Based on this assessment, and for the reasons set out in this Target's Statement, your Directors' recommendation to Shareholders is to **REJECT** the Offer.

Each Director of Auzex who holds or has a relevant interest in any Shares currently intends to reject the Offer in relation to those Shares.

8.2 Interests of the Board in Auzex Shares

As at the date of this Target's Statement, Auzex had the following securities on issue:

Class of Security	Number on Issue
Fully paid ordinary Shares	95,102,968
ASX listed options expiring 13/02/2012 exercisable at $0.20 (**AZXOA**)	12,016,805
Unlisted options expiring 21/10/2013 exercisable at $0.15	1,943,479

The number, description and amount of securities of Auzex in which each of the Directors of Auzex has a relevant interest are as follows:

Name	Shares Held	15c Options Held	20c Options Held
Chris Baker	388,817	104,348	47,415
John Lawton	7,171,689	782,609	55,556
Greg Partington	1,205,310	652,174	197,371
Eugene Iliescu	1,850,534	153,889	104,348
Paul Frederiks	1,012,505	300,000	95,025

8.3 Dealings of the Board in Auzex Shares

In the four months immediately preceding 3 May 2011, being the date of the Offer, the Directors of Auzex provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of Auzex under a sale, purchase or agreement for sale or purchase of such securities by way of the following transactions.

Date	Director	Nature of transaction	Number of securities	Type of securities	Consideration
3 – 8 Feb 2011	Eugene Iliescu	On-market Sale	300,000	Ordinary shares	$170,791
3 - 8 Feb 2011	Eugene Iliescu	Exercise of Options	500,000	Options	$112,500

8.4 Interests and dealings of the Board in GGG Securities

None of the Directors of Auzex has any relevant interest in any marketable securities of GGG or any Related Entity or Associate of GGG.

In the four months immediately preceding 3 May 2011, being the date of the Offer, no Director of Auzex provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of GGG or any Related Entity or Associate of GGG under a sale, purchase or agreement for sale or purchase of such securities.

8.5 Interests of Auzex in GGG Securities

At the date of this Target's Statement, Auzex has voting power over 7,022,472 GGG shares which equates to approximately 4.2% after GGG's ASX initial public offering. Auzex does not hold any GGG options or warrants.

In the four months immediately preceding 3 May 2011, being the date of the Offer, Auzex has not provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of GGG or any Related Entity or Associate of GGG under a sale, purchase or agreement for sale or purchase of such securities.

8.6 Agreements or arrangements conditional upon the Offer

Other than as set out in this Target's Statement, no Director of Auzex is party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the Offer.

8.7 Interests of the Board in contracts entered into by GGG

No Director of Auzex has any interest in any contract entered into by GGG or any related body corporate of GGG.

8.8 Potential Impact of the Offer on Auzex's Agreements

Auzex is not aware of any contract that has been entered into by Auzex that contains a change of control provision which will be triggered if GGG acquires more than 50.1% of Auzex's Shares as a result of its Offer.

8.9 Litigation

Except as previously disclosed to the ASX there is no current litigation against Auzex and the Directors have no knowledge of any potential litigation.

8.10 Options

Auzex has the following Options on issue:

Exercise Price	Number	Expiry date
$0.20	12,106,805	13 February 2012
$0.15	1,943,479	21 October 2013

8.11 Financial Information

Copies of Auzex's Annual Report for the financial year ended 30 June 2010 and its last published financial statements for the six months ended 31 December 2010, as set out in its Half Yearly Report lodged with the ASX on 11 March 2011, may be obtained from Auzex's website www.auzex.com or the ASX's website (www.asx.com.au, code 'AZX').

8.12 Change in Financial Position of Auzex Since Last Financial Report

Except as disclosed in this Target's Statement and in any announcement made by Auzex to the ASX since 11 March 2011, your Directors are not aware of any material change to the financial position of Auzex since the financial position disclosed to the market on 11 March 2011.

8.13 Taxation Considerations for Shareholders

If you accept the Offer, you may be liable for capital gains tax or income tax as a result of your acceptance.

Specifically, GGG's all-scrip Offer to Australian Shareholders has the risk that accepting the Offer will result in a tax liability in the current tax year. That liability would need to be paid in cash but the GGG Offer does not provide any cash to pay the tax liability.

Capital gains tax rollover relief will not be available to Auzex Shareholders who are Australian tax residents and who hold their Auzex Shares on capital account, if GGG fails to own 80% of Auzex Shares by the end of the Offer Period.

In view of the present intention of Auzex directors (who hold approximately 12.2% of all Auzex shares), to reject the Offer, you should not assume that you will be able to achieve CGT rollover relief if you accept the Offer.

Given the significant increase in the Auzex Share price in the past 12 months, Auzex believes that many Auzex Shareholders purchased their Auzex Shares at prices significantly below the current Auzex Share price or the price implied by the GGG Offer.

As a result, if you are an Australian resident for tax purposes and stand to make a capital gain, then in the absence of scrip for scrip roll-over relief you may be required to pay a substantial amount of tax (in cash) on your gains upon acceptance of the GGG Offer.

An overview of the taxation consequences for certain Australian resident Shareholders of selling Shares is provided in Section 7 of the Bidder's Statement. You should not rely on that outline as advice on your own affairs. It does not deal with the position of certain Shareholders. You should therefore seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Shares.

8.14 Consents and disclaimers

Consents to be named

The following parties have given and have not, prior to the lodgement of this document with ASIC, withdrawn their written consent to be named in this document in the form and context in which they are named:

- Thomsons Lawyers as legal advisor to the Company in relation to the Offer.
- StoneBridge Securities Limited as corporate advisor to the Company in relation to the Offer.

Consents to the inclusion of information

The following parties have given and have not, prior to the lodgement of this document with ASIC, withdrawn their written consent to the inclusion of their respective reports in this document in the form and context in which they are included and to all references in this document to their report, and extracts from their report in the form and context in which they appear.

- Deloitte Corporate Finance Pty Limited as the Independent Expert.
- Mining Associates Pty Ltd as the Technical Expert.

8.15 Disclaimers regarding responsibility

Each person or organisation named above as having given consent to the inclusion of a statement in this Target's Statement (or who is otherwise named in this Target's Statement as acting in a professional capacity for Auzex in relation to the Offer):

- Does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and

- To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

8.16 Class Order Relief – reference to statements

ASIC has published various 'Class Order' instruments providing for modifications and exemptions that apply generally to all persons, including Auzex, in relation to the operation of Chapter 6 of the Corporations Act. Auzex may rely on this class order relief.

Auzex has relied on the modification to Section 638(5) of the Act set out in paragraph 12 of ASIC Class Order 01/1543 'Takeover Bids' to include references to certain statements by GGG and other persons in this Target's Statement without obtaining the consent of GGG or those other persons.

The relevant statements were respectively taken from GGG's Bidder's Statement and any other announcements by GGG where material is sourced.

As required by ASIC Class Order CO 01/1543, Auzex will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to Shareholders who request them during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Shareholders may telephone Auzex on (1800 356 563 (within Australia) or +61 2 8256 3388 (from outside Australia).

8.17 No other Material Information

This Target's Statement is required to include all the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- Only to the extent to which it is reasonable for Shareholders and their professional advisers to expect to find such information in this Target's Statement; and
- Only if the information is known to any of the Directors.

The Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- The information contained in the GGG Bidder's Statement;
- The information contained in Auzex's releases to the ASX prior to the date of this Target's Statement; and
- The information contained or referred to in this Target's Statement.

Copies of documents lodged with ASX by Auzex may be obtained from ASX's website (www.asx.com.au) using the code 'AZX', or you may obtain a copy free of charge during the Offer Period by writing to Auzex (Attention : Company Secretary), GPO Box 3249, Brisbane QLD 4001.

8.18 Continuous Disclosure

Auzex is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Auzex to notify ASX of information about specific matters and events as they occur for the purposes of making that information available to the market. In particular, Auzex has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Auzex.

Copies of the documents filed with ASX may be obtained from ASX website at www.asx.com.au or from the Auzex website www.auzex.com.

A list of announcements made by Auzex to ASX since its announcement of GGG's takeover proposal on 14 March 2011 is set out below.

Date	Headline
16/05/2001	Appendix 3B
06/05/2011	AIM Listing, Demerger and Capital Raising
05/05/2011	GGB: Completion of dispatch of Bidder's Statement
05/05/2011	GGG Resources Plc – First Supplementary Bidder's Statement
05/05/2011	Release of GGG Resources Bidder's Statement
03/05/2011	Bidder's Statement sent to Shareholders from GGG Resources Plc
03/05/2011	Change in substantial holding from GGG Resources Plc
03/05/2011	Auzex Resources changes registered office
29/04/2011	Quarterly Operations Report Ending March 31 2011
29/04/2011	Appendix 5B
24/04/2011	GGB – Notice Defeating Condition has been fulfilled
20/04/2011	Notice under Section 633(4)(a) Corporations Act
18/04/2011	Takeover Offer from GGG Resources Plc

8.18 Continuous Disclosure (continued)

18/04/2011	GGB/AZX – Bidder's Statement
05/04/2011	Bullabulling Gold Project - Resource Drilling and Work Update
05/04/2011	Change in substantial holding
04/04/2011	GGG Resources Plc – Third Supplementary Prospectus
30/03/2011	Letter to Security Holders
18/03/2011	Appendix 3B
16/03/2011	Proposed Takeover Offer by GGG Resources plc is grossly inadequate
14/03/2011	Reinstatement to Official Quotation
14/03/2011	Takeover Proposal
14/03/2011	Suspension from Official Quotation

8.19 Approval of this Target's Statement

This Target's Statement has been approved by a resolution of the Directors in accordance with Section 639 of the Corporations Act.

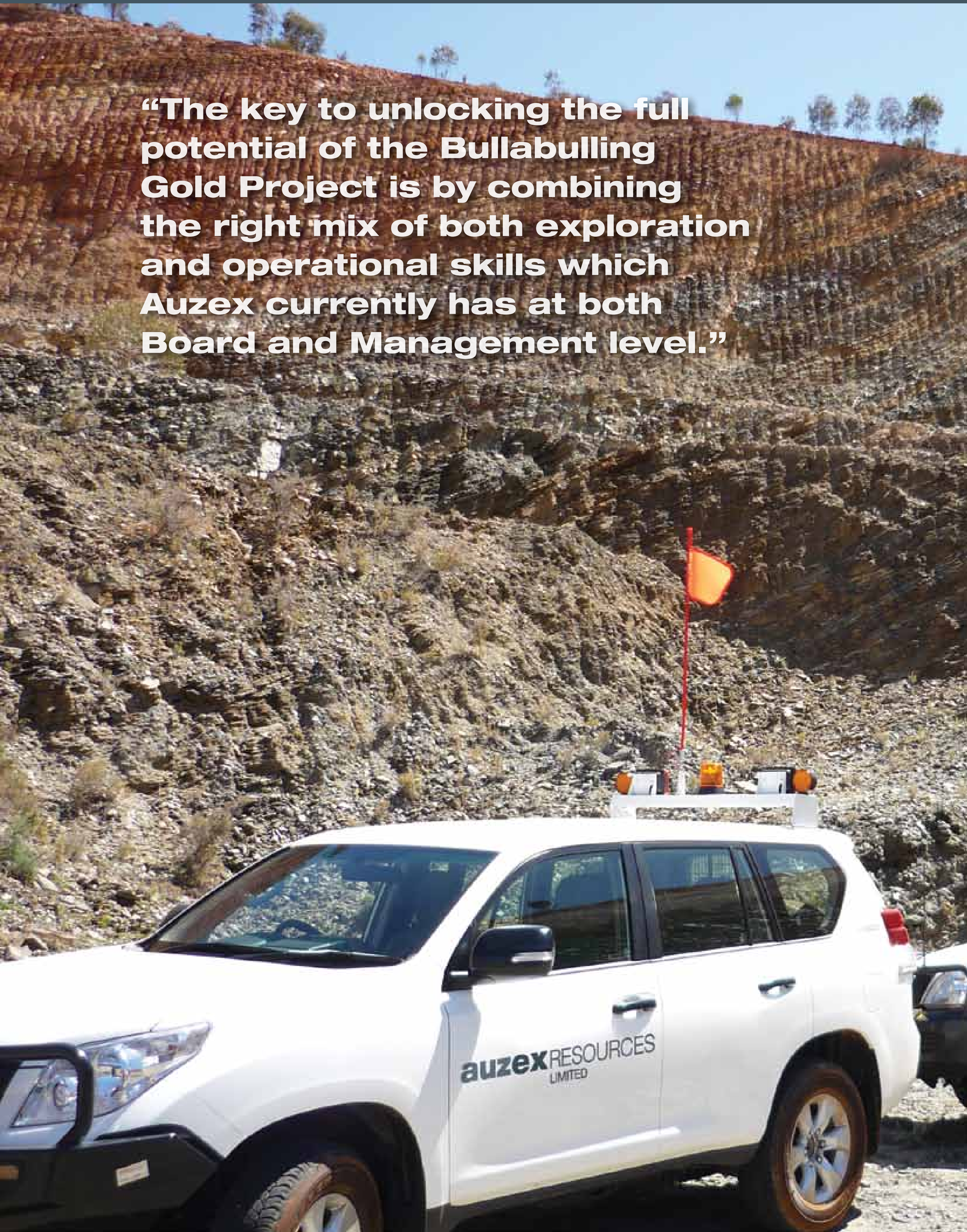
Signed on behalf of Auzex by Mr Chris Baker, being a director of Auzex who has been authorised to sign by a unanimous resolution passed by all the directors of Auzex.

Chris Baker

Chairman

Dated 19 May 2011

“The key to unlocking the full potential of the Bullabulling Gold Project is by combining the right mix of both exploration and operational skills which Auzex currently has at both Board and Management level.”



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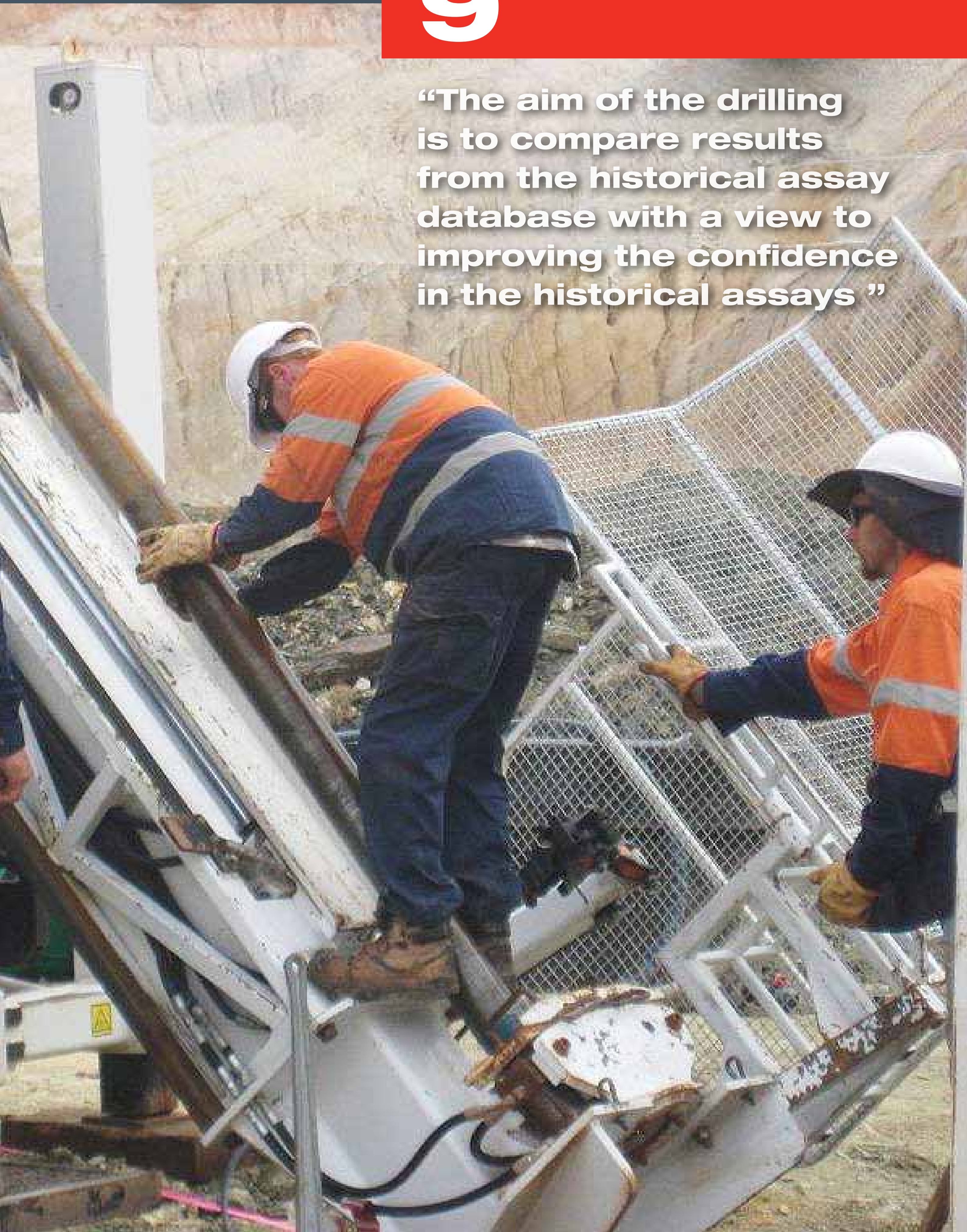
"The aim of the drilling is to compare results from the historical assay database with a view to improving the confidence in the historical assays "



Definitions and Interpretation

9.1 Definitions

In this Target's Statement the following words have these meanings unless the contrary intention appears or the context otherwise requires:

$ or dollar	Australian dollars, unless otherwise stated
AIM	The market of that name operated by the London Stock Exchange
AIM Rules	The official listing rules of AIM, as amended from time to time
Announcement Date	14 March 2011 (Perth time), being the date the Offer was announced on AIM
ASIC	Australian Securities and Investments Commission
Associate	Has the meaning given to that term in Section 9 of the Corporations Act
ASX Settlement Rules	The rules of the ASX Settlement Pty Limited
ASX	ASX Limited or the financial market which it operates, as the context requires
ASX Listing Rules or Listing Rules	The official listing rules of the ASX
Auzex or the Company	Auzex Resources Limited ACN 106 444 606
Auzex Board or Board	The Board of Directors of Auzex
Auzex Group	Auzex and any of its controlled entities.
Auzex Option	An option to acquire an Auzex Share
Auzex Proposal	Proposal outlined in Section 1.7
Auzex Shares	Fully paid ordinary shares in the capital of Auzex
Auzex Shareholders	All persons who hold Auzex Shares
Bid Period	Has the meaning given to that term in the Corporations Act
Bidder's Statement or GGG's Bidder's Statement	The Bidder's Statement dated 15 April 2011 relating to the Offer prepared by GGG

Definitions and Interpretation

Bullabulling or Bullabulling Gold Project	The proposed development of a mine in respect of the gold the deposits known as 'Bullabulling'.
Bullabulling Joint Venture	The unincorporated joint venture between the Company and GGG in relation to the Bullabulling Gold project established and governed by the Bullabulling Joint Venture Agreement.
Bullabulling Joint Venture Agreement	The agreement summarised in Section 2.8 of GGG's Bidder's Statement
Bullabulling Tenements	The tenements in which the Company and GGG have an interest in connection with the Bullabulling Gold Project
Business day	A day that is not a Saturday, Sunday or any other day which is a public holiday.
CND	CHESS Depositary Nominees Pty Ltd
CHESS	Clearing House Electronic Subregister System
CHESS Depositary Interest or CDI	Representing a unit of beneficial ownership in a GGG Share registered in the name of CDN
CGT	Capital gains tax as defined in the *Income tax Assessment Act 1997*
Conditions	The conditions set out in Section 1.8(a) of Annexure A of the Bidder's Statement
Corporations Act	The Corporations Act 2001 (Cth)
Directors	The members of the Board
FATA	The *Foreign Acquisitions and Takeovers Act 1975* (Cth)
GGG	GGG Resources plc
GGG Group	GGG and its Associates and Related Entities
GGG Shares	Fully paid ordinary shares in the capital of GGG and all rights attaching to those shares
Independent Expert	Deloitte Corporate Finance Pty Limited
JORC Code	The 2004 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves"
Listing Rules	The Official Listing Rules of ASX, as amended from time to time.
Mineral Resource	Has the meaning given in the JORC Code
Mt	Million tonnes
Notice of Status Conditions	The notice required to be given under Section 630(3) of the Corporations Act relating to the status of conditions under the Offer.

Offer or GGG's Offer or the GGG Offer	The offer by GGG for all of the Shares in Auzex made under the Bidder's Statement and dated 3 May 2011
Offer Period	The period during which the Offer remains open for acceptance in accordance with GGG's Bidder's Statement
Offer Consideration	The consideration under the Offer for each of the all of the Shares in Auzex to which the offer applies. As at the date of this Target's Statement, that consideration is 7 GGG Shares for every 5 Auzex Share to which the Offer applies
Options or Auzex Options	All options to acquire Auzex Shares as set out in Section 8.5 of this Target's Statement
Person	An incorporated or unincorporated body or association as well as a natural person
Record Date	Being 7.00pm (Perth time) on 20 April 2011
Related Entity	Has the meaning given to that term in Section 9 of the Corporations Act
Shareholder	Person registered in the register of members of Auzex as a holder of one or more Shares
Shares or Auzex Shares	Fully paid ordinary shares in the capital of Auzex and all rights attaching to those Shares
Target's Statement	This document, being the statement of Auzex pursuant to the Corporations Act relating to the Offer
VWAP	Volume weighted average price

9.2 General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

(a) A reference to time is a reference to Brisbane time;

(b) Headings are for convenience only and do not affect interpretation;

(c) The singular includes the plural and conversely;

(d) A reference to a section is to a section of this Target's Statement;

(e) A gender includes all genders;

(f) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(g) $, dollar or cents is a reference to the lawful currency in Australia, unless otherwise stated;

(h) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely;

(i) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

9.2 General Interpretation (continued)

(j) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;

(k) A reference to any instrument or document includes any variation or replacement of it;

(l) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Settlement Rules, as the case may be;

(m) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually; and

(n) The words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

10 Corporate Directory

Directors

Mr Chris Baker

Mr John Lawton

Dr Greg Partington

Mr Paul Frederiks

Mr Eugene Iliescu

Company Secretary

Mr Paul Frederiks

Share Registry

Computershare Investor Services Pty Limited

117 Victoria Street
West End QLD 4101

Corporate Advisor

StoneBridge Group

Level 13
8 Exhibition Street
Melbourne VIC 3000

Independent Expert

Deloitte Corporate Finance Pty Limited

Level 25
1 Eagle Street
Brisbane QLD 4001

Principal Office

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30 Macrossan Street
Brisbane QLD 4000

Registered Office

Level 16 Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Website

http://www.auzex.com

ASX Code

AZX
AZXOA (AZX listed Options)

Legal Advisor

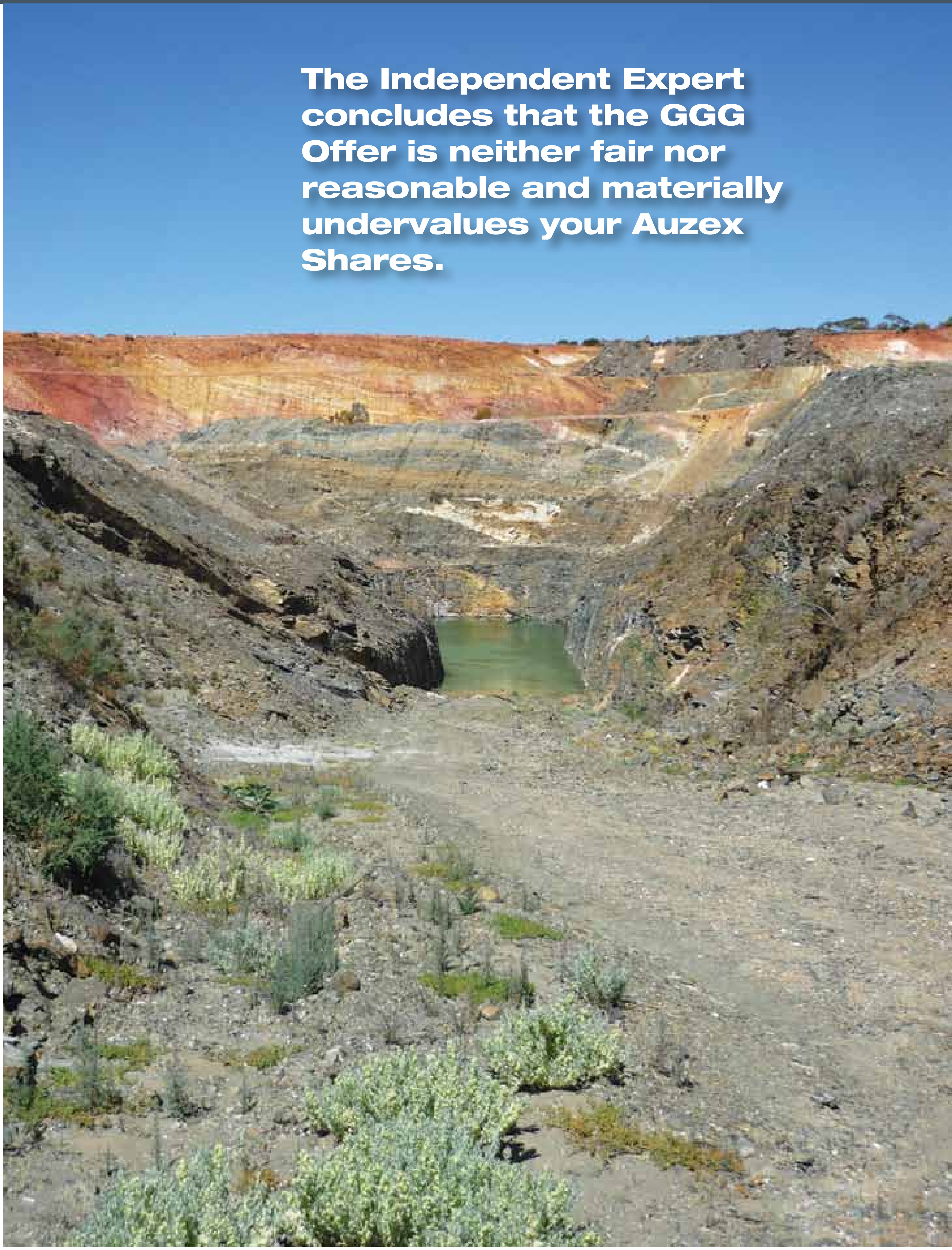
Thompsons Lawyers

Level 16 Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Technical Expert

Mining Associates Pty Ltd

Level 4
67 St Paul's Terrace
Spring Hill QLD 4004


The Independent Expert concludes that the GGG Offer is neither fair nor reasonable and materially undervalues your Auzex Shares.

Annexure A

Independent Expert's Report

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Auzex Resources Limited

Independent expert's report and Financial Services Guide

18 May 2011

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide general financial product advice or to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes and government debentures, stocks or bonds.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately $60,000 exclusive of Goods and Services Tax (GST) in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the proposed transaction between Auzex Resources Limited and GGG Resources Plc (the GGG Offer).

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately owned by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1300 780 808
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

18 May 2011

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The Directors
Auzex Resources Limited
Unit 441 Skyline Apartments
30 Macrossan Street
Brisbane QLD 4000

18 May 2011

Dear Directors

Independent expert's report

Introduction

On 14 March 2011, GGG Resources plc (GGG or the Bidder) announced its intention to make a conditional off-market offer to acquire all of the fully paid ordinary shares in Auzex Resources Limited (Auzex or the Company) that GGG does not already own (the GGG Offer). The consideration offered by GGG to holders of Auzex fully paid ordinary shares (Auzex Shares) other than GGG[1] (Auzex Shareholders) is seven GGG shares for every five Auzex Shares held.

The full details of the GGG Offer are included in a bidder's statement issued by GGG and dated 15 April 2011 (the Bidder's Statement). An overview of the GGG Offer is provided in Section 1 of our report.

The directors of Auzex (the Directors) are to issue a target's statement (the Target's Statement), in response to the Bidder's Statement, which will include their recommendation as to whether Auzex Shareholders should accept the GGG Offer.

Purpose of the report

Whilst an independent expert's report is not required to meet any statutory obligations, the Directors have requested that Deloitte Corporate Finance Pty Limited (Deloitte) provide an independent expert's report advising whether, in our opinion, the GGG Offer is fair and reasonable to Auzex Shareholders. This independent expert's report has been prepared in a manner consistent with Section 640 of the Corporations Act 2001 Cth (Section 640) to assist Auzex Shareholders in their consideration of the GGG Offer. We have prepared this report having regard to Section 640 and the relevant Australian Securities and Investments Commission (ASIC) Regulatory Guides. This report is to be included in the Target's Statement to be sent to Auzex Shareholders and has been

1. GGG currently has an 8.5% interest in Auzex Shares

prepared for the exclusive purpose of assisting Auzex Shareholders in their consideration of the GGG Offer.

We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

Basis of evaluation

In order to assess whether the GGG Offer is fair and reasonable we have:

- assessed whether the GGG Offer is fair by estimating the fair market value of an Auzex Share on a control basis and comparing that value to the estimated fair market value of the consideration to be received by Auzex Shareholders pursuant to the GGG Offer
- assessed the reasonableness of the GGG Offer by considering other advantages and disadvantages of the GGG Offer to Auzex Shareholders.

Summary and conclusion

In our opinion the GGG Offer is neither fair nor reasonable. In arriving at this opinion, we have had regard to the following factors:

The GGG Offer is not fair

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer.

As Auzex and GGG principally share a common asset base (equal interests in the Bullabulling Gold Project (Bullabulling)), the outcome of our assessment of the fairness of the GGG Offer is not dependent on the estimated value of Bullabulling but is entirely dependent on the merger ratio implied by the GGG Offer. Under all valuation scenarios considered, including a range of values for Bullabulling above what is reflected in our absolute estimates of the fair market value of an Auzex Share and the consideration offered by GGG, the GGG Offer is not fair at the implied merger ratio.

Notwithstanding this, a comparison of our assessment of the fair market value of an Auzex Share with the consideration offered by GGG is set out in the table below.

Table 1: Evaluation of fairness

	Low value per share ($)	High value per share ($)
Estimated fair market value of an Auzex Share	0.65	0.85
Estimated fair market value of consideration offered by GGG	0.46	0.60

Source: Deloitte analysis

Note:

1. $ - Australian dollar

We adopted the same approach in our valuation of Auzex and the enlarged GGG group, being Auzex and GGG (the Proposed Merged Entity), using the same value for Bullabulling which is held jointly by and is the principal asset of both Auzex and GGG. Therefore, if the value of an Auzex Share is towards the high end of our valuation range, the corresponding value of the Proposed Merged Entity will also be towards the high end of our valuation range and vice versa.

The low and high values of the consideration offered by GGG are both approximately 40% below our corresponding estimates of the value of an Auzex Share. On this basis, we are of the opinion that the GGG Offer is not fair.

Increase in the value of Bullabulling will not make the GGG Offer fair

Auzex has announced that it expects a revised Australasian Joint Ore Reserves Committee (JORC) resource for Bullabulling to be issued during the June 2011 quarter, to be followed by a maiden JORC reserve. Confirmation of the upgrade or other advancement of the project may reduce risk and result in additional near term value to the project.

As Auzex and GGG each hold a 50% interest in Bullabulling, any change in the value of Bullabulling will impact the value of Auzex, GGG and the Proposed Merged Entity. However, based on the merger ratio implied by the GGG Offer, an increase in the value of Bullabulling (all other factors being equal) will not make the GGG Offer fair to Auzex Shareholders.

The table below outlines the effect of a change in the value of Bullabulling on the fair market value of both an Auzex Share and the consideration offered by GGG.

Table 2: Sensitivity analysis of increase in Bullabulling value on fairness of the GGG Offer

Value of Auzex and GGG's respective 50% interests in Bullabulling ($)	Estimated fair market value of an Auzex Share ($)	Estimated fair market value of consideration offered by GGG per Auzex Share ($)
25,000,000	0.51	0.36
50,000,000	0.74	0.53
75,000,000	0.97	0.69
100,000,000	1.20	0.86

Source: Deloitte analysis

Accordingly, regardless of a change in the value of Bullabulling (all other factors being equal), the value of the consideration offered by GGG will always be below the value of an Auzex Share and the GGG Offer will not be fair to Auzex Shareholders under the current merger ratio.

Valuation in line with recent GGG share trading would not make the GGG Offer fair

We note that our value of the consideration offered under the GGG Offer is lower than the value implied by recent share market trading in GGG.

If this recent share trading in GGG shares in the range of $0.46 to $0.53 per share on an Australian dollar equivalent basis[2] was applied to value the Proposed Merged Entity, the consideration offered under the GGG Offer would be valued at $0.64 to $0.74 per Auzex Share. This valuation would however imply a value of GGG’s and Auzex’s respective 50% interests in Bullabulling of between $67.3 million and $81.5 million (all other factors being equal) and a value of $0.90 to $1.03 per Auzex Share on a control basis (all other factors being equal). Accordingly, the GGG Offer would remain not fair to Auzex Shareholders.

[2] Determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1

Reasonableness

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. An offer might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for securityholders to accept the offer in the absence of any higher bid before the close of the offer.

We have formed our opinion on the reasonableness of the GGG Offer based on an analysis of the likely advantages and disadvantages to Auzex Shareholders of accepting the GGG Offer.

Advantages of the GGG Offer

The likely advantages to Auzex Shareholders if the GGG Offer is successful include:

The Proposed Merged Entity will hold 100% of Bullabulling

If the GGG Offer is successful, the Proposed Merged Entity will hold 100% of Bullabulling compared to the separate 50% interests currently held individually by Auzex and GGG.

This will enable a rationalisation of future decision-making processes and may result in cost savings from combining the interests in the project held by Auzex and GGG. In particular, Auzex and GGG will no longer need to separately expend time, management resources and investment in their workforce to manage their 50% interests in this project.

In addition, there may be corporate cost savings from the amalgamation of Auzex's head office operations into GGG's existing operations. There are also likely to be cost savings if the GGG Offer is successful and Auzex is delisted from the Australian Securities Exchange (ASX), as it will no longer be required to pay listing and directors' fees. However, cost savings and synergies in the Proposed Merged Entity are not anticipated to be material.

Disadvantages of the GGG Offer

The likely disadvantages to Auzex Shareholders if the GGG Offer is successful include:

Diluted participation in future growth of Auzex's asset portfolio

As Auzex is at a relatively early stage of exploration in relation to its projects, the outcome of future exploration activities will likely significantly affect the future performance and value of the Company. In particular, Auzex expects a revised resource for Bullabulling to be issued during the June 2011 quarter, to be followed by a maiden JORC reserve. An upgrade in Bullabulling's resources and/or successful outcomes from Auzex's other exploration activities may result in additional near-term value.

If the GGG Offer is successful, Auzex Shareholders will hold approximately 47.0% of the shares in the Proposed Merged Entity or 44.5% on a fully diluted basis. As a result, Auzex Shareholders will have their exposure to the potential upside from Auzex's current development and exploration portfolio significantly diluted, as the potential upside will be shared by all shareholders in the Proposed Merged Entity.

In relation to Bullabulling, whilst GGG and Auzex currently have equal 50% interests, Auzex Shareholders will have an effective diluted participation interest in this project of 44.5% via their shareholdings in the Proposed Merged Entity.

Proposed Merged Entity management structure

As outlined in section 6.3 of the Bidder's Statement, should the GGG Offer be successful GGG intends to replace some or all of the Directors. We understand GGG has not yet identified the board of Directors and key management of the Proposed Merged Entity. Auzex currently undertakes the day-to-day management of Bullabulling and has led relevant technical and commercial work concerning the acquisition and development of Bullabulling.

There is uncertainty as to how the management team of the Proposed Merged Entity will be structured if the GGG Offer is successful and whether the management expertise and the knowledge of Bullabulling and the other exploration projects held by Auzex will be transferred to the Proposed Merged Entity.

Foreign Auzex Shareholders unable to participate in the Offer

Foreign Auzex Shareholders[3] are not entitled to receive GGG shares as consideration for their Auzex Shares. Securities of ineligible Foreign Auzex Shareholders will be sold under a nominee sale procedure set out in section 9.12 of the Bidder's Statement. Consequently, these Foreign Auzex Shareholders will be unable to participate in the future growth associated with the Proposed Merged Entity, unless they subsequently purchase shares in the Proposed Merged Entity on market.

Other matters

The intentions of the Directors

It is the intention of the Directors, who hold approximately 12.2% of the ordinary shares in Auzex, to reject the GGG Offer for all of their Auzex Shares.

No offer for Auzex options

GGG has not made a separate offer to holders of Auzex options. If Auzex option holders would like to participate in the GGG Offer, Auzex option holders will need to exercise their options and be issued Auzex Shares within the offer period.

If the GGG Offer is not successful, GGG may retain control over Auzex

On the basis that the GGG Offer does not proceed or is not successful, GGG may still be able to acquire the relevant number of Auzex Shares to gain control over Auzex. The minimum acceptance condition under the GGG Offer is 50.1%.

Should GGG gain control over Auzex:

- GGG may be in a position to influence the structure and decision making of the Directors in a manner representing the best interests of GGG, and to the possible disadvantage of the Auzex Shareholders
- GGG may hold sufficient voting power in Auzex to act as a 'blocking' stake in respect of any potential future acquisitions and/or divestments relevant to Auzex
- GGG's holding of Auzex Shares may reduce the liquidity of the Auzex Shares.

Further to this, if the GGG Offer is not successful, this may impact on the joint venture (JV) partner relationship between Auzex and GGG in Bullabulling.

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[3] A Shareholder is a Foreign Shareholder for the purposes of the GGG Offer if their address as shown in the register of members of Auzex is in a jurisdiction other than Australia or its external territories or New Zealand

Investment in a London Stock Exchange AIM (AIM) listed entity

GGG was admitted to the official list of the ASX on 17 May 2011, and will therefore have its shares quoted on both the AIM and the ASX. If Auzex Shareholders accept the GGG Offer, Auzex Shareholders can elect to have the GGG shares they receive as consideration under the GGG Offer registered on the UK or Australian share register.

Taxation implications

If Auzex Shareholders accept the GGG Offer, Auzex Shareholders may incur a tax expense. Capital gains tax roll-over relief may be available to Auzex Shareholders if 80% or more of Auzex Shareholders accept the GGG Offer. Individual Auzex Shareholders should consult their tax advisor in relation to their personal circumstances. Further details in respect of the potential taxation implications are provided in section 7 of the Bidder's Statement.

The above comments in respect of taxation impacts are general in nature and do not constitute tax advice. Accordingly, Auzex Shareholders should consult their tax advisers in relation to their personal circumstances.

No alternative offers

As at the date of our report, Auzex has not received any alternative offers for its issued capital.

Conclusion on reasonableness

On balance, in our opinion, the advantages of the GGG Offer do not outweigh the disadvantages.

Opinion

In our opinion, the GGG Offer is neither fair nor reasonable to Auzex Shareholders. An individual Shareholder's decision in relation to the GGG Offer may be influenced by his or her particular circumstances. If in doubt Auzex Shareholders should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

Andrew Nehill

Director

Robin Polson

Director

Contents

Appendices

1 Terms of the GGG Offer

1.1 Summary

On 14 March 2011, GGG announced its intention to make a conditional off-market offer to acquire all of the Auzex Shares that GGG does not already own.

Under the GGG Offer, Auzex Shareholders will receive seven GGG shares for every five Auzex Shares held. If GGG acquires all Auzex Shares under the GGG Offer, Auzex Shareholders will hold approximately 47.0% of the shares in the Proposed Merged Entity, or 44.5% on a fully diluted basis (refer to section 6 of the Target's Statement for further details).

1.2 GGG's intentions

Refer to section 6.3 to 6.6 of the Bidder's Statement for a description of GGG's intentions regarding Auzex.

Generally, GGG intends to continue with the timely development of Bullabulling and to continue to operate the Auzex business in the manner in which it is currently conducted until a strategic review of the assets and operations can be undertaken.

1.3 Key conditions of the GGG Offer

The GGG Offer is subject to various conditions as detailed in annexure A of the Bidder's Statement, the most significant being:

- 50.1% minimum acceptance
- GGG receives all regulatory and Shareholder approvals or consents
- no material adverse change in Auzex's business or assets
- no material acquisitions, disposals or new commitments by Auzex
- no restraining orders
- no persons exercising rights under certain agreements or instruments which have a material impact on Auzex
- no distributions or capital reductions
- no prescribed occurrences relating to Auzex.

2 Scope of the report

2.1 Purpose of the report

The Directors have engaged Deloitte, as an Independent Expert, to express our opinion as to whether, in our opinion, the GGG Offer is fair and reasonable to Auzex Shareholders.

As GGG does not have any directors in common with Auzex, and it does not have more than 30% of the voting shares in Auzex, there is no legal requirement for an independent expert's report in respect of the GGG Offer as prescribed under Section 640. However, the Directors have requested Deloitte to provide an independent expert's report in respect of the GGG Offer, as if it was required under Section 640, in order to assist Auzex Shareholders in their consideration of the GGG Offer.

This report is to be included in the Target's Statement to be sent to Auzex Shareholders and has been prepared for the exclusive purpose of assisting Auzex Shareholders in their consideration of the GGG Offer. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

2.2 Basis of evaluation

2.2.1 Guidance

In our assessment as to whether the GGG Offer is fair and reasonable, we have had regard to common market practice and to ASIC Regulatory Guide 111 regarding the content of expert's reports. The Regulatory Guide prescribes standards of best practice in the preparation of independent expert's reports pursuant to Section 640.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for transactions under Chapters 5, 6 and 6A of the Corporations Act, in relation to:

- takeover bids
- schemes of arrangement
- compulsory acquisitions or buy-outs
- acquisitions approved by security holders under item 7 of section 611 of the Corporations Act 2001 (Cth)
- selective capital reductions
- related party transactions
- transactions with persons in a position of influence
- demergers and demutualisations of financial institutions
- buy-backs.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of section 611 of the Corporations Act 2001 (Cth), a selective capital reduction or selective buy back under Chapter 2J of the section 611 Corporations Act 2001 (Cth).

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the offer. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium if appropriate)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, securityholders should accept the offer, in the absence of any higher bids before the close of the offer.

To assess whether the GGG Offer is fair and reasonable to Auzex Shareholders, we have adopted the tests of whether the GGG Offer is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

2.2.2 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

Accordingly we have assessed whether the GGG Offer is fair by comparing the GGG Offer with the value of an Auzex Share. The Auzex Shares have been valued at fair market value, which we have defined as the amount at which the shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of an Auzex Share has not been premised on the existence of a special purchaser.

We have assessed whether the GGG Offer is fair by comparing the value of an Auzex Share with the value of the consideration to be received from GGG. We have assessed the value of each Auzex Share by estimating the current value of Auzex on a control basis and dividing this value by the number of shares on issue.

2.2.3 Reasonableness

ASIC Regulatory Guide 111 considers an offer in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, securityholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the GGG Offer we considered the following significant factors in addition to determining whether the GGG Offer is fair:

- the existing securityholding of GGG in Auzex
- any significant securityholdings in Auzex
- the likely market price and liquidity of Auzex Shares in the absence of the GGG Offer
- cash flows or other benefits available to GGG upon achieving 100% ownership of Auzex
- any special value of Auzex to GGG
- the value to an alternative bidder and the likelihood of an alternative offer being made
- other implications associated with Auzex Shareholders rejecting the GGG Offer.

2.2.4 Individual circumstances

We have evaluated the GGG Offer for Auzex Shareholders as a whole and have not considered the effect of the GGG Offer on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the GGG Offer from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the GGG Offer is fair and reasonable. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

2.3 Limitations and reliance on information

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 6.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (APESB).

Our procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

3 Profile of Auzex

Auzex is an Australian mineral exploration company based in Brisbane with an office in Perth.

Auzex's focus is on early stage exploration of major gold, copper, molybdenum[4], bismuth[5], tungsten[6] and tin deposits associated with granite in North Queensland, Western Australia, New South Wales and the west coast of New Zealand.

Auzex operates predominantly within the Australian gold mining industry. A description of the Australian gold mining industry is provided in Appendix 2.

3.1 Company history

An overview of Auzex's company history is provided in Figure 1 below.

Figure 1: Company history

2003	• Auzex was founded by Managing Director John Lawton and Executive Director Greg Partington on 29 September 2003 • On 1 October 2003 Auzex established a wholly owned subsidiary, Auzex Resources (NZ) Pty Limited (Auzex NZ), incorporated in New Zealand, to be the applicant and holder of its New Zealand permits
2005	• On 7 July 2005 Auzex was listed on the ASX raising $5 million through the issue of 10 million shares at $0.50 cents per share
2006	• Auzex raised $3 million in equity at $1.05 per share via a Share Purchase Plan
2007	• In 2007 Auzex raised an additional $4.3 million and $2.7 million, at $1.60 and $0.90 per share, respectively, through placements of new shares
2008	• In December 2008 Auzex completed a feasibility study in relation to the development the Kingsgate Molybdenum Project (Kingsgate)
2010	• Auzex's strategy changed from a focus on greenfields exploration to assessing brownfield opportunities, particularly in gold • In January 2010 Auzex entered into an agreement providing it an option to acquire 100% of the Bullabulling from Jervois Mining Limited (Jervois) for consideration of approximately $2 million and assumption of various royalty obligations. Auzex advised Jervois of its intention to exercise its option to acquire Bullabulling on these terms in early February 2010. To fund the acquisition, Auzex entered into a heads of agreement with GGG which provided GGG an option to acquire a 50% interest in Bullabulling through an unincorporated JV in return for payment of a $500,000 option fee and further consideration of $2.5 million on GGG's election to proceed with the acquisition. GGG announced its intention to exercise this option on 21 March 2010. The sale and purchase agreement for Auzex and GGG's acquisition of Bullabulling from Jervois was signed in April 2010 and settled in August 2010 • In June 2010 drilling commenced at Bullabulling
2011	• On 8 February 2011, Auzex announced that 56 drill holes had been completed at Bullabulling with results confirming the existing resource model. This was further confirmed in an announcement on 5 April 2011 • On 14 March 2011, GGG announced the GGG Offer

[4] The primary use of molybdenum is in alloys in the steel industry, particularly stainless steel and superalloys. Due to its low corrosive properties, molybdenum is also used in oil and gas pipelines

[5] Due to its low melting point, bismuth is used in alloys within electrical fuses and in automatic fire alarms

[6] The main end-use of tungsten is in the manufacture of cemented carbides, alloys in the steel industry and electrical contacts and chemical applications

- On 6 May 2011, Auzex announced, subject to shareholder approval, it intends to:
  - seek admission of its shares as a secondary listing on the AIM
  - raise up to $25 million in equity to be used to progress the development of Bullabulling, fund its proposed AIM listing and pay costs in relation to the GGG Offer
  - demerge its non-Bullabulling exploration portfolio. It is intended that these exploration tenements will be restructured into a separate company, and the shares in the Company distributed in specie to Auzex ordinary shareholders.

Source: Auzex, ASX announcements and broker reports

3.2 Legal structure

All of Auzex's Australian activities are undertaken by the listed entity, Auzex Resources Limited. Auzex's interests in its New Zealand tenements are held by its wholly-owned subsidiary, Auzex NZ.

As at 31 December 2010, Auzex NZ held a 58% interest in its New Zealand interests within a JV with New Zealand Minerals Limited (which held the remaining 42% interest). Auzex NZ manages the JV and all associated exploration activities with New Zealand Minerals Limited.

3.3 Major assets

Auzex has four key exploration project areas located in North Queensland, New South Wales, Western Australia and the West Coast of New Zealand.

Auzex's key projects are detailed in the table below.

Table 3: Auzex projects

Project	Ownership	Location	Mineral
Bullabulling	50%	Western Australia	Gold
Lyndbrook Project	100%	North Queensland	Gold, copper, molybdenum, tungsten
Khartourn Tin Project	100%	North Queensland	Tin
Kingsgate Project	100%	New South Wales	Molybdenum, bismuth
Klondyke/Seven Hills Prospect	100%	New South Wales	Gold
Lyell	58%	New Zealand	Gold

Source: Auzex 2010 annual report

Details on each project are provided in the independent technical expert's report provided in Appendix 4. A brief overview of each project is outlined in the following sections.

3.3.1 Bullabulling

Bullabulling is located 65 kilometres (km) south-west of Kalgoorlie, Western Australia in the Eastern Goldfields.

Bullabulling was previously mined in the 1990s by Resolute Mining Limited, during which time it produced 371,474 ounces (oz) of gold. Mining had ceased by the time Jervois acquired Bullabulling in 2002. Between 2002 and 2010 Jervois operated a small dump leach mine producing a total of approximately 14,000 oz, mostly from shallow laterite mineralisation.

Auzex acquired its interest in Bullabulling by first entering into an exclusive agreement in January 2010 which provided it with an option to acquire 100% of Bullabulling from Jervois for the following consideration:

- $800,000 for all plant and equipment (comprising $300,000 cash and $500,000 in Auzex Shares)
- replacement of $1.2 million security bonds for the tenements
- assumption of the obligation to pay the following royalties on future gold production from Bullabulling:

Table 4: Bullabulling royalties

Counterparty	Royalty payable
Jervois	$30/oz for the first 400,000 oz, and $20/oz on all gold production thereafter
Australasian[2]	$10/fine oz (or fine oz equivalent) of all gold produced from tenement ML15/503[1], excluding the first 100,000 oz produced
Franco-Nevada[3]	1.0% gross royalty on all gold produced from tenements M15/282 and M15/554

Source: Bidder's Statement

Notes:

1. ML – Mining Lease
2. The Australasian royalty relates to an Agreement for the Sale of Mining Tenements and Pastoral Lease dated 21 February 1994 between Central Kalgoorlie Gold Mines NL, Braider Pty Limited, Samantha Gold NL and Colreavy Pty Limited
3. The Franco-Nevada royalty relates to an agreement between J A Hallberg & Associates, Vallant Consolidation Limited and Hillmin Gold Mines Pty Limited dated 3 September 1985

Auzex advised Jervois of its intention to exercise its option to acquire Bullabulling on these terms in early February 2010.

To fund the acquisition, Auzex entered into a heads of agreement with GGG which provided GGG an option to acquire a 50% interest in Bullabulling through a JV with Auzex in return for payment of a $500,000 option fee and further consideration of $2.5 million if GGG elected to proceed with the acquisition. GGG announced its intention to exercise this option on 21 March 2010 and the sale and purchase agreement for Auzex and GGG's joint acquisition of Bullabulling was signed in April 2010 and settled in August 2010. As a result of the various agreements, Auzex's acquisition of its 50% interest in Bullabulling was effectively fully funded by its 'sell down' of the remaining 50% interest to GGG.

At the time of Auzex's acquisition of Bullabulling the gold price was United States dollar (USD) 1,131.9/oz and the JORC resources at the time are outlined in the table below.

Table 5: Bullabulling resources as at January 2010

Resource Category	Tonnes	Grade g/t	Contained gold oz
Measured	4,865,000	1.51	237,000
Indicated	4,159,000	1.35	180,800
Inferred	284,000	1.52	13,900
Total	**9,308,000**	**1.44**	**431,600**

Source: Auzex 2010 annual report

Note:

1. g/t – grams per tonne

Under the terms of the JV arrangements, all drilling, feasibility and development costs are jointly funded by Auzex and GGG, with management and funding based on the respective equity interests (i.e. 50:50). The joint management committee of Bullabulling comprises two representatives from each of Auzex and GGG.

The first work completed on Bullabulling, following its acquisition, was a systemic drill program to generate a 3 dimensional model of gold mineralisation and geology over the entire project area. This work also included a study of the structural controls on gold mineralisation and its implication for resource potential and exploration within the Bullabulling area.

In August 2010, Auzex announced an upgraded JORC inferred resource of 1.98 million oz (Moz) as follows:

Table 6: Bullabulling mineral resource estimate

Data	Cut off g/t	Class	Tonnes	Gold grade g/t	Contained oz
August 2010	0.7	Inferred	41,517,000	1.5	1,982,000

Source: Auzex 2010 annual report

On 8 February 2011, Auzex announced that subsequent drilling showed mineralisation consistent with its current JORC resource model, with preliminary results indicating material being softer and less abrasive than expected.

Auzex has recently commenced a feasibility review and scoping study to assess the commercial viability of developing Bullabulling, with management targeting commencement of production in 2013.

Auzex expects a revised JORC resource for Bullabulling to be issued during the June 2011 quarter, to be followed by a maiden JORC reserve.

3.3.2 Lyndbrook Project (Lyndbrook)

Located in North Queensland, 150 km south-west of Cairns, Lyndbrook primarily targets the Galala Range molybdenum prospect (Galala) and Runningbrook gold and copper prospect (Runningbrook).

The Galala project has the potential for a range of metals to be extracted including gold, tungsten and molybdenum. Auzex is currently carrying out an independent review of the Galala project to assess potential development options.

Runningbrook is located 35 km north of Mt Surprise in North Queensland. Gold mineralisation is hosted by granodiorite and granite. Auzex has undertaken limited exploration activity to date at Runningbrook.

3.3.3 Khartoum Tin Project (Khartoum)

Khartoum is located approximately 100 km south-west of Cairns and 20 km north-west of Mt Garnet in North Queensland and is Auzex's second most advanced project (after Bullabulling).

Exploration to date suggests a mineralised system with a conceptual tonnage potential of between 80 million tonnes and 120 million tonnes. However, the potential tonnage and grade of this project is conceptual in nature, and there has been insufficient exploration to define a mineral resource.

3.3.4 Kingsgate

Located 20 km east of Glen Innes in New South Wales, Kingsgate was the second largest producer of molybdenum in Australia between the 1880s and 1920s. No recent exploration had been completed prior to Auzex's acquisition of the project in 2004.

Auzex commenced detailed exploration activities in late 2004, culminating in a feasibility study which was completed in December 2008. Auzex is currently assessing its options regarding progressing development of the project.

3.3.5 Klondyke/Seven Hills gold prospects

The Klondyke and Seven Hills gold prospects are located approximately 50 km north-east of Glen Innes in New South Wales.

Mineralisation at Seven Hills is hosted by the same granite as Kingsgate, located 30 km to the south. The project has been subject to limited exploration activities to date.

Auzex intends to complete a review of the exploration results at the Seven Hills and Klondyke gold prospects and potentially undertake follow-up exploration drilling to target potential gold resources within the project area.

3.3.6 Lyell Goldfields (Lyell)

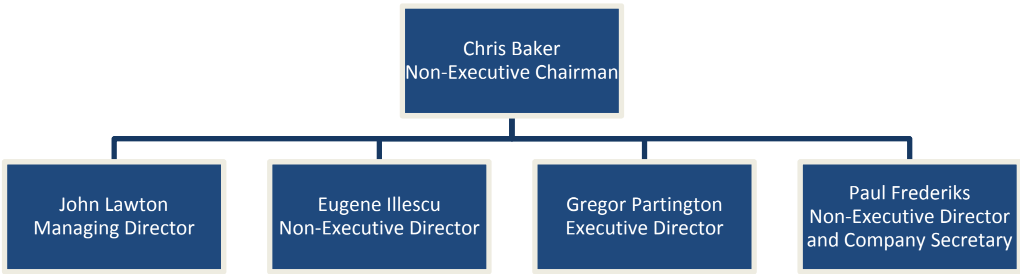
The Lyell project area is located on the west coast of the South Island of New Zealand. Sample testing completed to date indicates significant values of gold and arsenic.

Future work will include extending the soil grid to the north of the tenement and detailed mapping for drill targeting.

3.4 Board of Directors

Auzex's board of Directors is outlined in the figure below:

Figure 2: The Directors



Source: Auzex 2010 annual report

The Directors hold 12.2% of the ordinary shares and 2,492,735 options of Auzex.

Table 7: Share and option holdings of the Directors

Holder	Shares	Listed options	Unlisted options
Mr John Lawton	7,171,689	55,556	782,609
Mr Eugene Illiescu	1,850,534	153,889	104,348
Dr Greg Partington	1,205,310	197,371	652,174
Mr Paul Frederiks	1,012,505	95,025	300,000
Mr Chris Baker	388,817	47,415	104,348
Total	**11,628,855**	**549,256**	**1,943,479**

Source: Auzex

3.5 Capital structure and major shareholders

As at 11 April 2011, Auzex had the following securities on issue:

- 95,012,865 fully paid ordinary shares
- 12,106,908 listed options expiring on 13 February 2012 exercisable at $0.20 per option
- 1,943,479 non listed options expiring on 21 October 2013 exercisable at $0.15 per option.

The Bidder, GGG, is currently Auzex's second largest shareholder with 8.0 million ordinary shares and 666,667 options.

On 6 May 2011, Auzex announced its intentions to seek admission of its shares, as a secondary listing, on the AIM and raise up to $25 million in equity to be used to progress the development of Bullabulling, fund its proposed AIM listing and pay costs in relation to the GGG Offer. If Auzex proceeds with the above transaction, which are subject to shareholder approval and are predicated on the GGG Offer not proceeding, the capital structure of Auzex will change.

Ordinary shares

The following table lists the top ten ordinary shareholders of Auzex as at 11 April 2010.

Table 8: Top ten fully paid ordinary shareholders of Auzex as at 11 April 2011

Fully paid ordinary shareholder	Number	Percentage
National Nominees Limited	10,879,860	11.45
GGG	8,000,000	8.42
Peninsula Goldfields Pty Limited	7,146,689	7.52
JP Morgan Nominees Australia Limited	5,423,621	5.71
Forbar Custodians Limited	3,435,130	3.62
HSBC Custody Nominees (Australia) Limited	3,368,089	3.54
Keiran James Slee	2,827,248	2.98
HSBC Custody Nominees (Australia) Limited-Gsco Eca	2,401,865	2.53
Phillip Securities (Hong Kong) Limited	2,232,234	2.35
HSBC Custody Nominees (Australia) Limited-Gsi Eda	1,802,399	1.90
Total owned by top ten shareholders	**47,517,135**	**50.02**
Other shareholders	47,495,730	49.98
Total shareholders	**95,012,865**	**100.00**

Source: Computershare

Options

Auzex has two classes of options on issue which are described below.

Table 9 Auzex options

Options expiring	Number options	Exercise price ($)	Capital contribution on exercise ($)
13 February 2012	12,106,908	0.20	2,421,382
21 October 2013	1,943,479	0.15	291,522
Total	**14,050,387**		**2,712,903**

Source: Auzex and Deloitte analysis

3.6 Share price performance

A summary of Auzex's share price performance is provided in Table 10 below.

Table 10: Auzex's quarterly share price information

Quarter end date	High ($)	Low ($)	Last Trade ($)	Volume ('000)	VWAP[1] ($)
31-Mar-09	0.25	0.12	0.16	1,187	0.15
30-Jun-09	0.20	0.11	0.12	952	0.16
30-Sep-09	0.20	0.11	0.19	1,673	0.17
31-Dec-09	0.26	0.15	0.16	1,591	0.18
31-Mar-10	0.21	0.15	0.17	1,091	0.18
30-Jun-10	0.21	0.10	0.12	2,018	0.16
30-Sep-10	0.50	0.09	0.46	37,510	0.27
31-Dec-10	0.69	0.38	0.56	31,188	0.53
31-Mar-11	0.76	0.53	0.66	27,105	0.63
16-May-11[2]	0.74	0.62	0.65	5,953	0.69

Source: Thomson Reuters

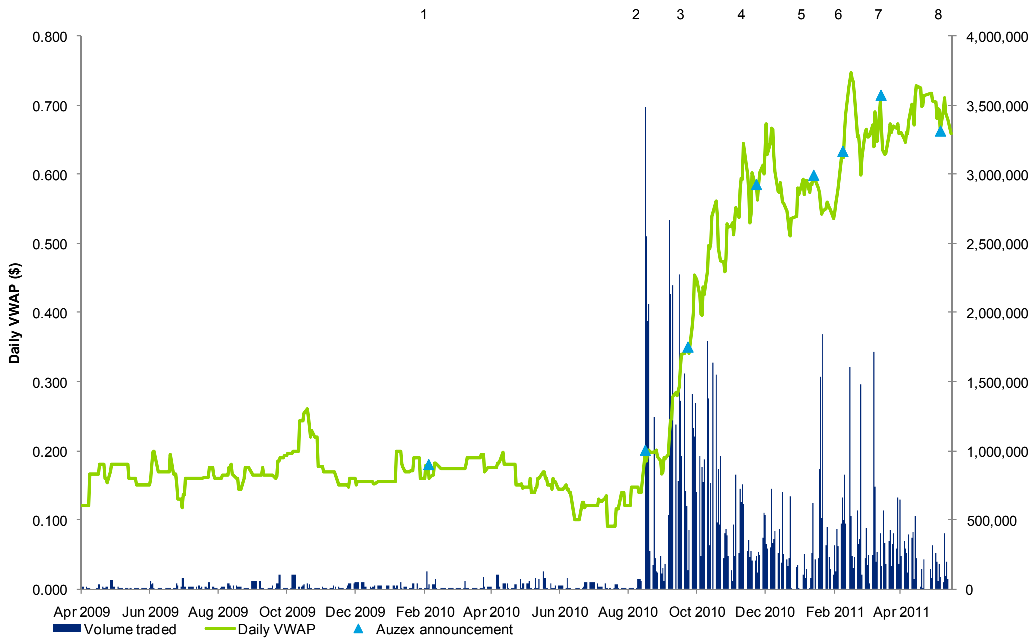
Notes:

1. VWAP - volume weighted average price
2. Relates to the period from 1 April 2011 to 16 May 2011

In the twelve months prior to the announcement of the GGG Offer, approximately 1.8 million Auzex Shares were traded on average each week. This equates to an average weekly trading volume of approximately 2.7% of the total shares on issue during this period. The volume of shares traded has increased significantly following both Auzex's acquisition of its interest in Bullabulling in early 2010 and several share issuances during 2010 which has increased the number of Auzex ordinary shares on issue from 40,527,876 as at January 2010 to 95,012,865 as at April 2011.

Daily share price movements and trading volumes are presented graphically in the figure below, in addition to a summary of key movements outlined in Table 11.

Figure 3: Auzex's share price activity on the ASX



Source: Thomson Reuters

Table 11: Auzex's price sensitive announcements

Notes	Date	Description
1	4 February 2010	Auzex announced its intention to exercise its option to acquire the Bullabulling project from Jervois
2	16 August 2010	Auzex announced an increase in JORC mineral resources at Bullabulling to 1.98 Moz
3	23 September 2010	Auzex announced that a program of works application had been submitted to the West Australian Department of Mines and Petroleum seeking approval to commence a detailed drilling program at Bullabulling
4	23 November 2010	Auzex announced that it had raised $6.7 million in an equity placement to retail and institutional investors
5	13 January 2011	Auzex announced that further initial drilling at Bullabulling was confirming the project as a large tonnage, low grade deposit with high grade zones
6	8 February 2011	Auzex announced that 56 drill holes had been completed at Bullabulling, with results confirming the existing resource model. This was further confirmed in an announcement on 5 April 2011
7	14 March 2011	GGG announced the GGG Offer
8	6 May 2011	Auzex announced its intention to undertake an AIM secondary listing, demerger of exploration assets and an equity capital raising.

Source: Thomson Reuters and ASX

3.7 Financial performance

The audited income statement of Auzex for the financial years ended 30 June 2009 and 30 June 2010 and the reviewed income statement of Auzex for the six months ended 31 December 2010 are summarised in the table below.

Table 12: Financial performance

	June 2009 Audited 12 months ($)	June 2010 Audited 12 months ($)	December 2010 Reviewed 6 months ($)
Interest income	22,931	21,762	102,017
Profit on sale of tenement interest	-	1,481,070	-
Revenue from continuing operations	**22,931**	**1,502,832**	**102,017**
Write-off of exploration expenses	(3,933,494)	-	-
General and administrative expenses	(983,027)	(1,309,856)	(885,125)
Expenses from continuing operations	**(4,916,521)**	**(1,309,856)**	**(885,125)**
Profit/(Loss) from continuing operations before income tax expense	**(4,893,590)**	**192,976**	**(783,108)**
Income tax	-	-	1,110,222
Profit/(loss) from continuing operations after income tax expense	**(4,893,590)**	**192,976**	**327,114**

Source: Auzex 2010 annual report and the Auzex reviewed financial report for the six months ended 31 December 2010

We note the following in relation to Auzex's financial performance:

- Auzex is still in the exploration phase for all of its projects and has no operating revenue to date. Auzex's only current source of revenue is interest earned on cash reserves
- in 2010 Auzex effectively sold down a 50% interest in Bullabulling to GGG as discussed in Section 3.3.1, recognising a gain on sale of $1.5 million
- general and administrative expenses have increased since Auzex's acquisition of its interests in Bullabulling in early 2010
- in the 2009 financial year, Auzex wrote off $3.9 million in previously capitalised exploration expenses in relation to exploration tenements that were relinquished during the period.

3.8 Financial position

The audited balance sheet of Auzex for the periods ended 30 June 2009 and 30 June 2010 and the reviewed balance sheet of Auzex for the six months ended 31 December 2010 are summarised in the table below.

Table 13: Financial position

	June 2009 Audited ($)	June 2010 Audited ($)	December 2010 Reviewed ($)
Cash	741,180	953,752	7,826,819
Receivables	39,561	966,263	2,561,016
Total current assets	**780,741**	**1,920,015**	**10,387,835**
Property, plant and equipment	61,383	488,895	610,088
Deferred exploration and evaluation phase costs	9,601,846	10,267,904	11,473,973
Investment in available for sale asset	-	1,044,893	4,745,634
Total non-current assets	**9,663,229**	**11,801,692**	**16,829,695**
Payables	94,534	342,925	1,121,747
Provisions	42,740	44,581	60,638
Total current liabilities	**137,274**	**387,506**	**1,182,385**
Provisions	84,717	299,717	299,717
Total non-current liabilities	**84,717**	**299,717**	**299,717**
Net assets	**10,221,979**	**13,034,484**	**25,735,428**

Source: Auzex 2010 annual report and the Auzex reviewed financial report for the six months ended 31 December 2010

We note the following in relation to Auzex's financial position:

- although Auzex has announced its intention to raise additional capital through an AIM listing, its existing cash balances are expected be sufficient to advance its exploration, development and corporate activities in the near term. Based on Auzex's current cash spend of approximately $1.5 million per quarter, Auzex has approximately 12 months of available cash reserves
- Auzex's interest in GGG is classified as an investment in available for sale financial assets. As at December 2010, Auzex had 7,022,472 GGG shares, representing 7.4% of GGG's shares on issue. The increase in the value of the investment between June and December 2010 is as a result of an appreciation in GGG's share price. Since December, the value of this investment has decreased 21.3% to $3.7 million as at 16 May 2011 due to a depreciation in GGG's share price
- beyond cash and its investment in GGG, Auzex's asset base principally comprises capitalised cost of acquiring and exploring its projects. The majority of capitalised costs to date relate to Bullabulling

- receivables increased from approximately $1.0 million to $2.7 million over the six months to 31 December 2010 primarily in relation to increases in amounts due from GGG for its 50% share of exploration costs incurred
- payables increased from approximately $0.3 million to $1.1 million over the six months to 31 December 2010 in relation to increased drilling activity at Bullabulling.

4 Profile of GGG

GGG is a mineral exploration company based in London and is listed on the AIM. GGG was also admitted to secondary listing[7] on the ASX on 17 May 2011.

Formerly known as Central China Goldfields Plc, GGG was initially incorporated in November 2004 with the intention of concentrating its activities on copper and gold exploration in China. However, subsequent to incorporation, GGG disposed of its Asian operations with its last exploration permit interest in Asia terminated in July 2010. GGG is currently focussed on the exploration and development of a single project, Bullabulling, in which it is a 50% JV partner with Auzex.

4.1 Company history

An overview of GGG's company history is provided in the figure below.

Figure 4: Company history

2004	• On 3 November 2004, GGG was incorporated as Central China Goldfields Plc
2005	• In March 2005, GGG was listed on the AIM
2009	• In July 2009, GGG disposed of its interest in the Nimu Project located in Asia, its key asset, leading to proceeds of approximately pound sterling (£)4.3 million. Most of the proceeds from this sale were subsequently repatriated to the UK
2010	• In February 2010, GGG paid Auzex a fee of $500,000 in return for an option to acquire 50% of the Bullabulling project from Auzex for consideration of $2.5 million. GGG exercised its option in April 2010 with the acquisition being completed in August 2010
	• In July 2010, GGG chose not to exercise an option agreement in relation to a high-grade, narrow vein epithermal gold project in Banten Province, Indonesia
	• In July 2010, GGG raised £1.125 million through an equity placement to institutional shareholders at £0.038 per share
	• On 16 August 2010, GGG changed its name from Central China Goldfields Plc to GGG Resources Plc
	• In November 2010, GGG raised £7.5 million through a share placement to UK institutional investors at £0.1175 per share
	• On 13 December 2010, GGG lodged a prospectus with ASIC in relation to its proposed secondary listing on the ASX. The prospectus invited Australian residents to subscribe for up to 15 million shares at an issue price of $0.40 per share. On 25 January 2011, GGG announced it had conditionally raised $9 million from institutional and retail investors in an oversubscribed share offer. Following delays to its ASX admission, approximately $0.7 million has been refunded to investors who have elected to withdraw from the share offer
2011	• On 14 March 2011, GGG announced its intention to make an off-market scrip offer for all the shares in Auzex that it did not already own
	• On 5 May 2011, GGG received conditional approval to be admitted for secondary listing on the ASX. Under the offering, GGG has accepted applications for a total of approximately 20.3 million shares at an issue price of $0.40 per share, raising a total of approximately $8.1 million.

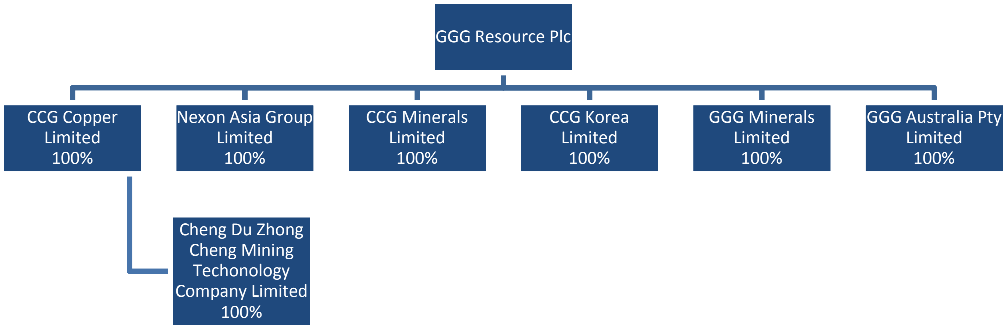
Source: GGG prospectus and AIM announcements

[7] GGG's conditionally approved secondary listing on the ASX will be in the form of CHESS Depository Interests

4.2 Legal structure

Figure 5 below sets out a simplified group structure of the GGG group.

Figure 5: GGG group structure



Source: GGG prospectus

GGG is the parent company of the GGG group and is incorporated in the UK. GGG Australia Pty Limited is the Australian operating company of the GGG group and holds GGG's interest in Bullabulling. The remaining subsidiaries in the group are holding companies and do not undertake any significant operations.

4.3 Major assets

GGG's only major asset is its 50% equity interest in Bullabulling, which GGG acquired in August 2010 pursuant to a JV agreement with Auzex. An overview of Bullabulling is set out in Section 3.3.1.

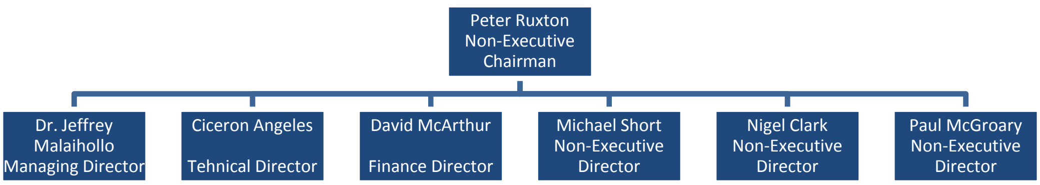
Under the terms of the JV, all drilling, feasibility and development costs are jointly funded by Auzex and GGG, with management representation and funding based on the respective equity interests (i.e. 50:50). Two GGG representatives are members of this joint management committee of Bullabulling.

Up until July 2010, GGG also held interests in several early stage exploration assets in South East Asia and China. However, GGG's interest in these permits have been either terminated or divested.

4.4 Key personnel

The key personnel of GGG are set out in the figure below.

Figure 6: GGG key personnel



Source: GGG 2010 annual report

4.5 Capital structure and shareholders

As at 11 April 2011, GGG had the following securities on issue:

- 145,423,590 fully paid ordinary shares issued on AIM
- 11,980,000 unlisted share options
- 4,934,211 warrants expiring on 19 January 2010 exercisable at £0.126 per warrant.

In addition, following its admission for secondary listing on the ASX on 17 May 2011, GGG has accepted applications for a total of 20,322,500 CHESS Depositary Interests (CDIs) at ratio of 1 CDI representing 1 fully paid ordinary share..

Details regarding the ordinary shares, options and warrants of GGG are discussed below.

AIM listed ordinary shares

The top five holders of AIM listed fully paid ordinary shares in GGG as at 11 April 2011 are set out in the table below.

Table 14: Top five shareholders – AIM listed ordinary shares

Shareholder	Number	Percentage
Baker Steel Managed Funds	14,434,574	9.9%
Directors and control entities	11,107,663	7.6%
BlackRock Investment Management	7,463,829	5.1%
Auzex	7,022,472	4.8%
City Natural Resources High Yield Fund (CQS) Plc	4,958,510	3.4%
Total top five shareholders – AIM listed ordinary shares	**44,987,048**	**30.8%**
Other shareholders	100,436,542	69.2%
Total shareholders – AIM listed ordinary shares	**145,423,590**	**100.0%**

Source: Bidder's Statement

Auzex is currently GGG's fourth largest shareholder with 7.0 million shares, representing 4.8% of GGG's ordinary shares.

ASX listed CDIs

Following its admission to the official list of the ASX on 17 May 2011, GGG has accepted applications for a total of 20,322,500 CDIs to be quoted on the ASX. The holders of ASX listed CDIs will collectively hold 12% of GGG's securities on issue on an undiluted basis.

Options

GGG has two classes of options on issue which are described below.

Employee Share Option Plan (ESOP)

GGG has 6,905,000 employee share options allocated to certain eligible employees and directors. Under the ESOP, options were issued for no consideration and are non-transferrable. Details of the different ESOP options are set out in the table below.

Table 15: GGG ESOP options

Expiry date	Number	Exercise price (£)
23 November 2015	3,630,000	0.40
23 February 2012	200,000	0.38
23 February 2012	3,075,000	0.32

Source: Bidder's Statement

Other options

GGG also has 5,075,000 other options which are subject to terms equivalent to the ESOP options. Details of the other options are set out in the table below.

Table 16: Other GGG options

Expiry date	Number	Exercise price (£)
30 June 2015	1,150,000	0.10
23 April 2015	3,425,000	0.08
6 October 2014	500,000	0.07

Source: Bidder's Statement

Warrants

GGG has 4,934,211 warrants currently on issue that are freely transferrable. The warrants have been issued for no consideration, and each warrant carries the right to subscribe for one GGG share. The exercise price of each warrant is £0.126, and may be exercised at any time before 19 January 2012.

4.6 Share price performance

A summary of GGG's AIM share price performance is provided in Table 17 below.

Table 17: GGG's quarterly AIM share price information

Quarter end date	High (£)	Low (£)	Last Trade (£)	Volume ('000)	VWAP (£)
31-Mar-09	0.06	0.03	0.04	16,076	0.04
30-Jun-09	0.08	0.04	0.08	46,805	0.06
30-Sep-09	0.07	0.03	0.06	56,038	0.04
31-Dec-09	0.07	0.05	0.05	42,480	0.06
31-Mar-10	0.07	0.05	0.05	12,326	0.06
30-Jun-10	0.09	0.05	0.08	35,482	0.07
30-Sep-10	0.32	0.07	0.27	111,171	0.14
31-Dec-10	0.31	0.22	0.22	55,992	0.25
31-Mar-11	0.44	0.22	0.36	83,759	0.31
16-May-11[1]	0.38	0.29	0.32	18,541	0.34

Source: Thomson Reuters

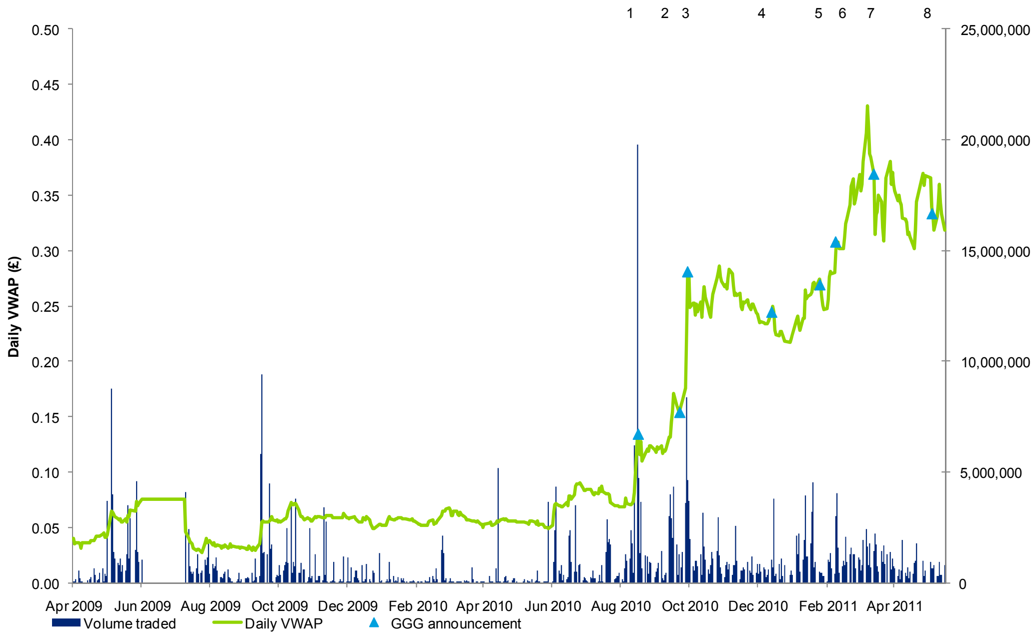
Note:

1. Relates to the period from 1 April 2011 to 16 May 2011

In the twelve months prior to the announcement of the GGG Offer, approximately 5.4 million GGG shares were traded on average each week on AIM. This equates to an average trading volume of approximately 3.1% of GGG shares on issue during the period.

Daily share price movements and trading volumes are presented graphically in the figure below, in addition to a summary of key movements outlined in Table 18.

Figure 7: GGG's share price activity on AIM



Source: Thomson Reuters

Table 18: GGG's price sensitive announcements

Notes	Date	Description
1	16 August 2010	GGG announced an increase in JORC mineral resources to 1.98 Moz at Bullabulling
2	23 September 2010	GGG announced that a program of works application had been submitted to the West Australian Department of Mines and Petroleum seeking approval to commence a detailed drilling program at Bullabulling
3	29 September 2010	GGG released interim results for the six months ended 30 June 2010, indicating that, based on current expectations, the Bullabulling project will be in production by early 2013
4	13 December 2010	GGG announced it had lodged a prospectus with ASIC pursuant to its proposed listing on the ASX
5	25 January 2011	GGG announced the completion of its capital associated with its proposed ASX listing.
6	8 February 2011	GGG announced that 56 drill holes were completed in January at Bullabulling, with results confirming the existing resource model
7	14 March 2011	GGG announced the GGG Offer
8	5 May 2011	GGG received conditional approval to be admitted for secondary listing on the ASX. On the same day, GGG announced it had closed its Australian share offering on 2 May 2011, accepting applications for a total of 20,075,000 shares at an issue price of $0.40 per share, raising $8,030,000 (excluding listing expenses).

Source: Thomson Reuters and AIM

4.7 Financial performance

The audited income statement of GGG for the periods ended 31 December 2009 and 31 December 2010 are summarised in the table below.

Table 19: Financial performance

	December 2009 Audited (£)	December 2010 Audited (£)
Administrative expenses	(555,300)	(778,166)
Operating loss	**(555,300)**	**(778,166)**
Gain (loss) on disposal of marketable securities	-	8,196
Finance income	7,631	79,118
Loss before tax	**(574,939)**	**(690,852)**
Income tax	-	10,986
Loss before discontinued operations	**(574,939)**	**(701,838)**
Loss from discontinued operations (net of tax)	(1,171,142)	-
Loss for the financial period	**(1,719,081)**	**(701,838)**

Source: GGG 2009 and 2010 annual report

We note the following in relation to GGG's financial performance:

- GGG's only operations are in relation to the exploration of Bullabulling and therefore GGG does not currently generate any revenue from operations
- loss from discontinued operations of £1.2 million in the 2009 financial year relates to GGG's loss on two previously disposed entities, Lhasa Tianli Mining Company Limited (£0.59 million) and CCG Mining Limited (£0.58 million).

4.8 Financial position

The consolidated audited balance sheet of GGG as at 31 December 2009 and 31 December 2010 are summarised in the table below.

Table 20: Financial position

	December 2009 Audited 12 months (£)	December 2010 Audited 12 months (£)
Cash and cash equivalents	3,762,442	10,784,896
Receivables	2,296,578	467,714
Total current assets	**6,059,020**	**11,252,610**
Investment in available for sale asset	-	3,080,396
Intangible assets	-	2,011,385
Total non-current assets	**-**	**5,091,781**
Total current liabilities	**724,981**	**567,958**
Net assets	**5,334,039**	**15,776,433**

Source: GGG 2009 and 2010 annual report

We note the following in relation to GGG's financial position:

- GGG's investment in available for sale asset refers to its 8.4% interest in Auzex
- cash increased £7.0 million during the twelve months to 31 December 2010, as a result of two capital raisings undertaken during this period. GGG raised £1.125 million in July 2010 and £7.5 million via an institutional placement in November 2011
- intangibles of £2.0 million relates to the acquisition of Bullabulling and the capitalisation of GGG's share of exploration costs incurred to date.

GGG has since raised a further $8.1 million cash (excluding listing expenses) in relation to its admission to the ASX, and paid approximately $2.4 million to Auzex in relation to Bullabulling.

5 Profile of the Proposed Merged Entity

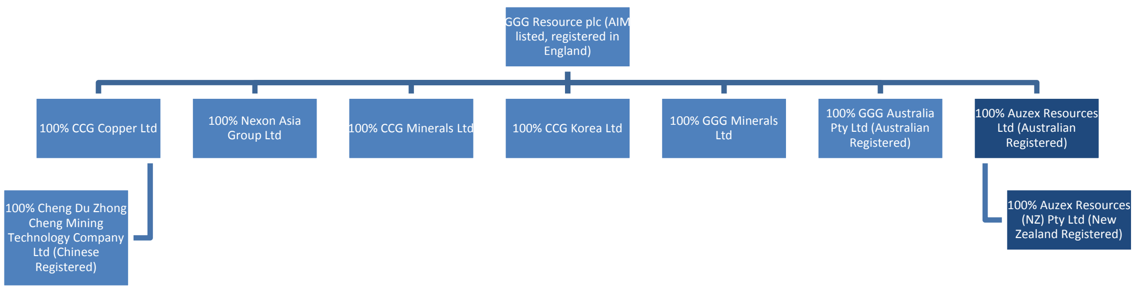
In this section we set out a profile of the Proposed Merged Entity based on information contained in the Bidder's Statement.

The Proposed Merged Entity as presented in this section assumes that GGG acquires all of the Auzex Shares under the GGG Offer. However, as the GGG Offer is conditional upon GGG acquiring only 50.1% of Auzex Shares that it does not currently own, it is possible that GGG may obtain less than 100% of Auzex. A description of the Proposed Merged Entity under the scenario that GGG acquires only 50.1% of Auzex Shares is set out in section 6 of the Bidder's Statement.

5.1 Legal structure

The figure below sets out a simplified group structure for the Proposed Merged Entity according to the Bidder's Statement.

Figure 8: Proposed Merged Entity structure[1]



Source: Bidder's Statement

Note:

1. Assumes that GGG acquires 100% of the outstanding shares in Auzex

5.2 Principal assets

The principal assets of the Proposed Merged Entity will be interests in the following exploration projects:

- 100% interest in Bullabulling (being the consolidated interests in the project previously held separately by GGG and Auzex)
- 100% interest in Lyndbrook, Khartourn, Kingsgate and the Klondyke and Seven Hills projects
- 58% interest in the Lyell project.

Details of these assets are set out in Section 3.3.

5.3 Board of directors and management

According to section 6.3 of Bidder's Statement, GGG intends to replace some or all of the Directors. The GGG nominees have not yet been identified and their identity will depend on the circumstances at the relevant time.

In addition, it is GGG's current intention, in the event that the GGG Offer is successful, to seek to reflect in the organisation structure of the Proposed Merged Entity, Auzex personnel whose skills are highly regarded and who have extensive knowledge of Auzex's assets.

5.4 Capital structure and shareholders

The number of shares on issue in the Proposed Merged Entity on completion of the GGG Offer is dependent on whether GGG acquires all Auzex Shares on issue under the GGG Offer.

Should GGG acquire 100% of Auzex Shares on completion of the GGG Offer, the Proposed Merged Entity will become a wholly-owned subsidiary of GGG, and Auzex will subsequently be delisted from the ASX.

The following table outlines the indicative capital structure of the Proposed Merged Entity (on a fully diluted basis) inclusive of the 20.3 million ASX-listed CDIs to be issued following GGG's admission for secondary listing on the ASX prior to completion of the GGG Offer.

Table 21: Indicative capital structure of the Proposed Merged Entity (fully diluted basis)

	Number of shares	Ownership of Proposed Merged Entity (%)
Auzex Shares on issue (dilutive basis) [1]	109,063,252	
Auzex Shares held by GGG[2]	(8,666,667)	
Total Auzex Shares not currently held by GGG (dilutive basis)	**100,396,585**	
GGG shares to be issued to Auzex shareholders pursuant to the GGG Offer	**140,555,219**	
GGG shares on issue at date of Bidder's Statement (dilutive basis)[3]	162,337,801	
GGG CDIs to be offered on admission to the ASX[4]	20,322,500	
GGG shares held by Auzex	(7,022,472)	
Total GGG shares on issue not currently held by Auzex	**175,637,829**	
Total shares in the Proposed Merged Entity	**316,193,048**	
Held by existing GGG shareholders	175,637,829	55.5%
Held by existing Auzex Shareholders	140,555,219	44.5%

Source: Deloitte analysis

Notes:

1. Assumes all of Auzex's options existing on 13 March 2011 are exercised and the shareholders are able to participate in the GGG Offer
2. Includes 8.0 million shares and 666,667 options
3. Assumes 12.0 million options and 4.9 million warrants may be converted to GGG shares
4. Auzex has accepted applications for a total of 20,322,500 CDIs as part of its secondary listing on the ASX

5.4.1 Potential share and market capitalisation

The following table shows the potential share market capitalisation of the Proposed Merged Entity reflecting GGG's secondary listing on the ASX and assuming GGG acquires 100% of Auzex as a result of the GGG Offer, using a range of share prices for the Proposed Merged Entity.

Table 22: Potential share market capitalisation of the Proposed Merged Entity (£'million)

	Proposed Merged Entity share price (£)[1]				
	0.25	0.30	0.35	0.40	0.45
Potential share market capitalisation of the Proposed Merged Entity (£'000)[2]	79,048	94,858	110,668	126,477	142,287
Potential share market capitalisation of the Proposed Merged Entity ($'000)[3]	120,153	144,184	168,215	192,245	216,276

Source: Deloitte analysis

Note:

1. Determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1
2. Market capitalisation determined on a fully dilutive basis
3. Based on the recent share price trading range of a GGG share

On the date of the announcement of the GGG Offer, GGG's closing share price was £0.32.

5.4.2 Pro-forma financial statements

The pro-forma financial statements of the Proposed Merged Entity are set out in section 5.7 of the Bidder's Statement.

6 Valuation methodology

6.1 Valuation methodologies

To estimate the fair market value of the shares in Auzex and the Proposed Merged Entity we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which deals with the content of independent expert's reports. These are discussed below.

6.1.1 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its securities or the fair market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent security trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent security trading history provides evidence of the fair market value of the securities in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other valuation methods because they may not account for company specific factors.

6.1.2 Discounted cash flow methods

Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

6.1.3 Asset based methods

Asset based methods estimate the fair market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

6.2 Selection of valuation methodologies

6.2.1 Auzex Shares

We are of the opinion that the most appropriate methodology to assess the fair market value of the shares in a mineral exploration company such as Auzex is the sum of the parts methodology based on a technical valuation of the Company's underlying interests in its development and exploration assets.

On this basis, the sum of the parts methodology has been applied to the following key assets of Auzex using the valuation methodologies described:

- interests in development and exploration assets – Mining Associates Pty Limited (Mining Associates) has been engaged to assess the value of Auzex's development and exploration assets. Mining Associates' valuation is based on a number of valuation methodologies including the market and cost approaches
- available for sale financial assets – based on the fair market value of the securities having regard to recent share market trading
- working capital balances – based on estimated current book values as a proxy for the current fair market value
- net cash position – based on estimated current book values as a proxy for the current fair market value.

We have also considered other assets and liabilities which have not otherwise been captured in the above valuations.

We have also applied a market approach based on resource multiples observed for comparable listed companies and selected comparable transactions to provide additional evidence of the fair market value of an Auzex Share.

In addition, we have cross-checked our valuation of a share in Auzex with reference to recent capital raisings undertaken by Auzex and recent share market trading activity in Auzex Shares.

6.2.2 Shares in the Proposed Merged Entity

We are of the opinion that the most appropriate approach to value the shares in the Proposed Merged Entity for the purpose of assessing whether the GGG Offer is fair to Auzex Shareholders is to apply a sum of the parts methodology on a consistent basis to that adopted in determining the value of an Auzex Share for the following reasons:

- the Proposed Merged Entity's asset portfolio will consist of a portfolio of development and exploration assets, the majority of which will be acquired from Auzex pursuant to the GGG Offer
- the only significant asset which GGG will contribute to the Proposed Merger Entity is its 50% interest in Bullabulling which is held jointly by Auzex and GGG.

The sum of the parts methodology has been applied to the following key assets using the valuation methodologies described:

- the assets held by Auzex, including its 50% interest in Bullabulling – based on the sum of the parts methodology and mark based methodologies as set out in Section 6.2.1
- remaining 50% interest in Bullabulling held by GGG – same valuation as applied in determining the value of Auzex's 50% interest in Bullabulling as described above
- working capital balances of GGG – based on estimated current book values as a proxy for the current fair market value
- net cash position of GGG – based on estimated current book values as a proxy for the current fair market value.

We have also considered other assets and liabilities of the Proposed Merged Entity which have not otherwise been captured in the above valuations. There is not anticipated to be any material cost savings or synergies in the Proposed Merged Entity associated with the GGG Offer.

To provide additional evidence of the fair market value of a share in the Proposed Merged Entity, we have cross-checked our valuation based on recent share trading activity in GGG shares post the announcement of the GGG Offer.

6.3 Appointment and role of the technical expert

Mining Associates, an independent mining expert, was engaged to prepare a report providing an assessment of the value of Auzex's development and exploration assets.

Mining Associates prepared its technical report having regard to the code for Technical Assessment and Valuation of Minerals and Petroleum Assets and Securities for Independent Expert Reports (VALMIN code). The scope of Mining Associates' work was controlled by Deloitte. A copy of Mining Associate's report is provided in Appendix 4.

7 Valuation of Auzex

7.1 Valuation of Auzex before the GGG Offer

For the purpose of our opinion fair market value is defined as the amount at which the shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

Deloitte has estimated the fair market value of an Auzex Share using:

- the sum of the parts methodology, which estimates the market value of a company by valuing each asset of the Company. The value of each asset has been determined using an appropriate valuation method as discussed in Section 6
- resource multiples observed for selected comparable listed companies and comparable transactions.

To provide additional evidence of the fair market value of Auzex, we have also considered the following:

- prices achieved in recent capital raisings by Auzex
- recent share market trading activity in Auzex Shares.

This analysis is set out in Sections 7.2 to 7.5 below.

7.2 The sum of the parts method

To value Auzex using the sum of the parts method requires an estimate of the value of the following items:

- development and exploration assets
- available for sale financial assets, being Auzex's investment in GGG shares
- working capital balances
- plant and equipment
- net cash position
- other assets and liabilities which have not otherwise been captured in the valuations of the above assets.

Our consideration of each of these items is set out below.

7.2.1 Value of development and exploration assets

As discussed in Section 6.3, Mining Associates was engaged to provide an independent technical assessment of Auzex's development and exploration assets and their fair market value. Mining Associates had regard to the following commonly used methodologies in determining the value of development and exploration tenements:

- the market approach, which is based primarily on the principle of substitution and is also called the sales comparison approach. The asset being valued is compared with the transaction values of similar assets, transacted in an open market
- the cost approach, which is based on the principle of contribution to value. The appraised value method is a commonly used cost approach where exploration

expenditures are analysed for their contribution to the exploration potential of the asset.

We note that Mining Associates has not used the discounted cash flow approach, which is based on cash flow generation potential of the assets, in its assessment of the value of Auzex's assets as there is insufficient information currently available to provide a reasonable basis for the potential future cash flows to be generated from Bullabulling and Auzex's other exploration assets to utilise the income approach.

Refer to Appendix 3 for Mining Associate's report.

In applying the market approach to estimate the value of Bullabulling, insufficient information was available for Mining Associates to incorporate the results of drilling and analysis currently underway, which Auzex expects to result in a resource upgrade during the June 2011 quarter with a maiden reserve statement expected to be released shortly thereafter. As a result, Mining Associates has only considered the project's existing JORC inferred resources of 1.98 Moz in its assessment of the value of Bullabulling although Mining Associates has selected a preferred value above the mid-point of its assessed value range for Bullabulling to partly reflect some potential for a resource upgrade. In addition, Mining Associates acknowledges that the advancement of the project evidenced by a resource upgrade and reserve estimate could reasonably be expected to reduce risk and add value in the near future.

Based on our analysis and discussions with Mining Associates, we consider Mining Associates' valuation to be appropriate for the purpose of our valuation of Auzex.

The following table sets out Mining Associates' assessment of the fair market value of Auzex's development and exploration assets.

Table 23: Mining Associates' valuation of Auzex's projects (on a legal interest basis)

Project	Percentage ownership	Low value ($'million)	High value ($'million)	Preferred value ($'million)
Bullabulling	50%	10.2	52.4	37.9
North Queensland[1]	100%	5.0	6.1	5.0
New South Wales[2]	100%	10.0	15.6	10.0
Lyell	58%	1.9	3.3	2.3
Total		**27.1**	**77.4**	**55.2**

Source: Mining Associates' technical expert's report

Notes:

1. Lyndbrook and Khartoum projects
2. Kingsgate and Klondyke/Seven Hills projects

Mining Associates has assessed the value of Auzex's development and exploration assets to be in the range from $27.1 million to $77.4 million, with a preferred value of $55.2 million.

Mining Associates selected its value range for each project on the basis of the higher of its assessed values under the cost approach and market approach for each of the upper and lower bound respectively.

The large range in value is driven by the wide confidence limits placed around early exploration targets. In the resource industry the spread of confidence limits decreases as a particular property is proved up and uncertainty around the contained resource diminishes. On this basis valuation ranges typically reduce as a tenement moves through the classifications of exploration target, inferred resource and indicated resource to measured resource. All of Auzex's projects, including Bullabulling, are still at exploration target or early feasibility stage and therefore there are wide confidence limits around their attributes which drive the wide valuation ranges above.

Recognising this wide range, Mining Associates has also indicated a preferred value for each tenement, on the following basis:

- in relation to Auzex's exploration assets in Queensland and New South Wales, Mining Associates has selected preferred values based on the value of these assets determined utilising the cost approach
- in relation to the Lyell project, Mining Associates has selected a preferred value based on the value of this asset determined utilising the market approach to reflect positive exploration results. The preferred value selected by Mining Associates is below the midpoint value derived under the market approach due to technical and environmental issues experienced at this tenement
- in relation to Bullabulling, Mining Associates has selected a preferred value based on the values derived under the market approach. Mining Associates' preferred value is above the midpoint of the value range for Bullabulling to partly reflect the likelihood of an upgrade in the mineral resource base from the current and ongoing exploration work.

As Auzex is at a relatively early stage of exploration in relation to its projects, the outcome of future exploration activities will likely significantly affect the future performance and value of Auzex.

7.2.2 Available for sale financial assets

Auzex held 7,022,472 shares in GGG as at the date of this report, which represents an interest of approximately 4.8% in the outstanding equity of GGG.

We have valued Auzex's shareholding in GGG based on our analysis of recent trading in GGG shares. We consider the value of a share in GGG to be in the range of $0.46 to $0.53 per share on an equivalent Australian dollar basis (refer to Section 8.3). Accordingly, we have valued Auzex's interest in GGG in the range of $3.2 million to $3.7 million.

7.2.3 Value of working capital balances

We have valued Auzex's working capital balances at their current book values of $0.01 million (net asset).

These balances principally comprise trade creditors and recoveries of goods and services tax (GST) paid. We have deducted from Auzex's working capital balances any security deposits or bank guarantees held in respect of Auzex's development and exploration assets as we consider these values are implicitly reflected in the assessed value of the underlying tenements set out above.

7.2.4 Value of plant and equipment

We have valued Auzex's plant and equipment balances at their current book values of $0.6 million. These balances primarily consist of moveable exploration equipment which we consider has a value which is separable to the underlying tenements.

7.2.5 Net cash position

Auzex has a current net cash balance of $6.5 million and no interest bearing liabilities.

Although Auzex has announced its intention to raise additional capital through an AIM listing, its existing cash balances are expected be sufficient to advance its exploration, development and corporate activities in the near term. Based on Auzex's current cash spend of approximately $1.5 million per quarter, Auzex has approximately 12 months of available cash reserves. As such, we do not consider it appropriate to reflect any additional potential capital raisings in the current valuation of Auzex.

7.2.6 Valuation of other assets and liabilities

We have considered the value of the following other assets of Auzex which have not been included in the valuations set out above.

Cash from the exercise of Auzex Options

To take account of the potential dilution of the value of an Auzex Share we have added the cash that would be received in the event that all of the Auzex options are exercised during the GGG Offer period to enable option holders to participate in the GGG Offer, and increased the number of shares on issue to include the additional Auzex Shares that would be issued to option holders.

A summary of Auzex's options is set out in Section 3.5.

Accumulated tax losses

Auzex has current accumulated gross tax losses in excess of $5.8 million.

Realisation of any value from these carry forward losses is dependent on the ability of Auzex to generate future profits. Auzex has not recognised these potential tax benefits for accounting purposes on the basis that it is not probable that future taxable profits will be available against which Auzex can utilise the temporary differences and losses. Auzex has no assets that are currently generating taxable profits or are likely to generate taxable profits in the immediate future.

We have not ascribed any value to the carry forward tax losses on the basis that the expected value of the future benefits to be derived from these tax balances is not significant. In addition, there is uncertainty surrounding whether or not a potential purchaser of Auzex will be able to utilise the accumulated tax benefits.

7.2.7 Valuation of a share in Auzex: sum of the parts method

The value of an Auzex Share derived from the sum of the parts method is summarised below.

Table 24: Summary – sum of the parts method

	Section	Units	Low value	High value	Preferred value
Development and exploration assets	7.2.1	$'million	27.1	77.4	55.2
Available for sale financial assets[1]	7.2.2	$' million	3.2	3.7	3.5
Working capital balances	7.2.3	$' million	0.0	0.0	0.0
Plant and equipment	7.2.4	$' million	0.6	0.6	0.6
Net cash position	7.2.5	$' million	6.5	6.5	6.5
Cash from the exercise of Auzex options	7.2.6	$' million	2.7	2.7	2.7
Equity value of Auzex (on a control basis)		**$' million**	**40.1**	**90.9**	**68.5**
Number of shares outstanding[2]	5.4	*'million*	*109.1*	*109.1*	*109.1*
Value of an Auzex Share before the GGG Offer (on a fully diluted control basis)		**$**	**0.37**	**0.83**	**0.63**

Source: Deloitte analysis

Notes:

1. The preferred value is the midpoint of the high and low value range
2. The number of shares on issue is based on the capital structure of Auzex as at 11 April 2011 as set out in Section 3.5, and includes 14 million shares that would be issued in connection with the exercise of the Auzex options
3. Figures may be subject to rounding

The wide range of the estimate of fair market value of an Auzex Share based on the sum of the parts methodology is driven by the wide confidence limits placed around the attributes of Auzex's early stage exploration targets, including Bullabulling. Recognising this wide range, Mining Associates has also indicated a preferred value for each tenement, which has been set out in Section 7.2.1.

7.3 Industry rule of thumb: resource multiples

In addition to our valuation based on the sum of the parts methodology, we have also considered a market-based approach based on the resource multiples observed for selected comparable listed companies and comparable transactions to provide additional evidence of the fair market value of an Auzex Share.

We have estimated the value of Auzex by reference to the value per oz of gold resources (including measured, indicated and inferred resources of gold) implied by share prices of comparable trading companies or implied by recent comparable transactions.

The value per oz of resource rule of thumb method has emerged from market trading and transactions as it can be calculated by analysts based on limited publicly available information. This method is normally useful as a high level indication of value only as the resource multiples implied by comparable companies and transaction may vary significantly due to various factors, including different cost structures, different geotechnical/geomechanical issues, different stages of development, different ratios of measured, indicated and inferred resources to total resources and different mine lives.

However, this approach is a common valuation methodology for undeveloped gold mining companies such as Auzex where there is limited information available to utilise alternative valuation methods.

In selecting a resource multiple appropriate to apply to the resources of Auzex we have considered:

- resource multiples derived from share market prices of comparable listed companies
- resource multiples achieved in mergers and acquisitions of comparable companies.

These are discussed separately below.

Market trading resource multiples

The share market valuation of listed companies provides evidence of an appropriate resource multiple appropriate for Auzex. The share price of a listed company represents the market value of a minority interest in that company.

We have identified a number of listed companies whose business operations are comparable to Auzex. The resource multiples implied by the trading of their shares as at 13 May 2011 are summarised below:

Table 25: Implied resource multiples – market trading

Company	Enterprise value ($'million)	Resources (Moz)	Enterprise value/resources ($/oz)
Keegan Resources Incorporated[2]	592.41	4.91	120.7
Orezone Gold Corporation	360.15	4.50	80.1
Azumah Resources Limited	123.85	1.16	106.3
Hummingbird Resources plc[3]	89.83	0.81	110.6
Papillon Resources Limited	55.01	0.66	83.1
PMI Gold Corporation	52.43	1.56	33.7
Signature Metals Limited	49.46	1.47	33.7
Coventry Resources Limited	23.92	1.01	23.8
Coral Gold Resources Limited	19.66	3.38	5.8
Viking Ashanti Limited	9.02	0.50	18.0
Average			**61.6**
Median			**56.9**
High			**120.7**
Low			**5.8**

Source: Thompson Reuters, company announcements and Deloitte analysis

Notes:

1. Enterprise values as at 13 May 2011
2. Determined using a foreign exchange rate as at 13 May 2011 of $0.98 per 1 Canadian dollars
3. Determined using a foreign exchange rate as at 13 May 2011 of $1.5 per £1

Specific details regarding the above companies and their resources are provided at Appendix 3.

We note the following in respect of the resource multiples and companies in the table above:

- the enterprise values quoted above were as at 13 May 2011, utilising historical net debt/cash taken from the last annual report or cash flow statement. Resources were taken from the latest publicly available resource statement, annual report or company announcement
- as Auzex is primarily involved in the development and exploration of gold projects, such as Bullabulling, we have selected companies with comparable stage exploration gold projects (excluding companies with producing operations or projects which are anticipated to produce large volumes of additional products such as copper or silver)
- as Auzex currently only has inferred resources, we consider companies which only have inferred resources to be more comparable to Auzex. We also consider

companies with only indicated and inferred resources to be somewhat comparable to Auzex as a resource upgrade is anticipated during the June 2011 quarter. We have placed less emphasis on companies which have measured resources and have excluded from our analysis any companies which have reported reserves as we consider these companies to be more advanced than Auzex and therefore not directly comparable

- some of the comparable companies are substantially larger or smaller than Auzex. Larger companies generally trade at higher resource multiples than smaller companies and vice versa
- overall, the implied resource multiples for the comparable companies ranged from \$5.8 to \$120.7 per oz, with an average and median of \$61.6 per oz and \$56.9 per oz, respectively
- we consider that Coventry Resources Limited is mostly comparable to Auzex in terms of having one key gold project which has been the subject of a scoping study and a similar level of announced indicated resources. Coventry Resources Limited's key project is based in Canada, which may have a similar cost structure and country risk to Australia although the current market capitalisation of Coventry Resources Limited is significantly smaller than Auzex. Coventry Resources Limited has a current resource multiple of \$23.8 per oz
- notwithstanding that Keegan Resources Incorporated and Orezone Gold Corporation are significantly larger than Auzex in terms of resources and market capitalisation and have projects based in Africa, we consider both companies to be somewhat comparable to Auzex in terms of stage of development. Keegan Resources Incorporated and Orezone Gold Corporation have a resource multiple of \$120.7 per oz and \$80.1 per oz, respectively. Keegan Resources Incorporated's major project is currently in a pre-feasibility study phase with a feasibility study targeted to be completed by the end of 2011. In comparison Orezone Gold Corporation is currently observing positive drilling results with a resource upgrade anticipated for late 2011
- we consider that Azumah Resources Limited is comparable to Auzex in terms of its total resource base of 1.2 Moz. Azumah Resources Limited is currently undertaking a feasibility study, with results anticipated in early 2011 and production targeted for commencement in 2013. Whilst Auzex is also targeting production at Bullabulling to commence in 2013, it is yet to commence a feasibility study. Azumah Resources Limited has a resource multiple of \$106.3 per oz.

Merger and acquisition resource multiples

The price achieved in mergers or acquisitions of comparable companies provides evidence of an appropriate resource multiple for Auzex. The acquisition price of a company represents the market value of a controlling interest in that company. The difference between the market value of a controlling interest and a minority interest is referred to as a premium for control.

We considered a range of transactions involving gold companies over the past two years. However, we were unable to identify any transactions with public information in this period which were directly comparable to Auzex.

Selected multiple

In selecting an appropriate resource multiple (on a control basis) to apply to Auzex's current resource base of 0.99 Mozs we have considered the following:

- the average and median resource trading multiples for the comparable companies is $61.6 per oz and $56.9 per oz, respectively
- Coventry Resources Limited is mostly comparable to Auzex in terms of having one key gold project which has been the subject of a scoping study and the level of announced indicated resources, although the current market capitalisation of Coventry Resources Limited is significantly smaller than Auzex. Coventry Resources Limited has a current resource multiple of $23.8 per oz
- the resource multiples of Keegan Resources Incorporated, Orezone Gold Corporation and Azumah Resources Limited which are considered to be somewhat comparable to Auzex are $120.7 per oz, $80.1 per oz and $106.3 per oz, respectively
- the difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values
- the average and median resource multiples for the comparable companies, assuming a 30% control premium, are $80.1 per oz and $74.0 per oz, respectively.

As a result of these factors, we have selected a resource multiple of $60 to $80 per oz on a control basis to apply to the resource base of Auzex. This implies a value of an Auzex Share in the range of $0.66 to $0.84 on a control basis as set out in the table below.

Table 26: Valuation of Auzex based on a selected resource multiple

	Units	Low value	High value
Selected resource multiple (on a control basis)	$/oz	60.0	80.0
Auzex resources	Moz	0.99	0.99
Enterprise value of Auzex	**$'millions**	**59.4**	**79.2**
Available for sale financial assets[1]	$'millions	3.2	3.7
Net cash position	$'millions	6.5	6.5
Cash from the exercise of Auzex options	$'millions	2.7	2.7
Equity value of Auzex (on a control basis)	**$'millions**	**71.8**	**92.1**
Number of shares outstanding (dilutive basis)	*'million*	*109.1*	*109.1*
Value of an Auzex Share before the GGG Offer (on a fully diluted control basis)	**$**	**0.66**	**0.84**

Source: Thompson Reuters, ASX announcements, Deloitte analysis

Note:

1. Auzex's available for sale financial assets do not form part of the normal operations of a gold exploration company and therefore would not be reflected in the underlying enterprise value derived on a resource multiple basis. Refer to Section 7.2.2 for a valuation of the available for sale financial assets

7.4 Valuation of an Auzex Share

The value of an Auzex Share (on a control basis) derived from the sum of the parts method and implied resource multiples approach is summarised below.

Table 27: Fair market value of an Auzex Share (on a control basis)

	Sum of the parts approach			Resource multiples approach	
	Low value ($)	High value ($)	Preferred value ($)	Low value ($)	High value ($)
Estimated value of an Auzex Share (on a fully diluted control basis)	0.37	0.83	0.63	0.66	0.84

Source: Deloitte analysis

Whilst we consider the value of an Auzex Share derived under the sum of the parts approach is appropriate for the purposes of our opinion, we recognise that the valuation range derived under this method is very wide and that the lower end of the range is not supported by the valuation derived under the resource multiples approach or the market capitalisation of Auzex.

Despite the limitations inherent in the approach, we consider that the value of an Auzex Share derived from resource multiples implied by trading in comparable listed companies provides evidence of the fair market value of Auzex.

The range of values derived under the resource multiples approach are consistent with and support the range of preferred to high values derived under the sum of the parts approach. We have selected a valuation range for an Auzex Share of $0.65 to $0.85 on a control basis.

7.5 Cross checks

We have cross checked the value of an Auzex Share with reference to the following:

- prices achieved in recent capital raisings by Auzex
- recent share market trading in Auzex Shares.

Our consideration of each of these approaches is set out below.

7.5.1 Recent capital raisings

Auzex raised capital during 2010 by way of two separate placements of shares to institutional and retail investors.

A summary of these equity capital raisings are set out below.

Table 28: Auzex equity placements

		Placement		
Date of placement	Placement subscription ($'million)	Ordinary shares ('000)	Listed options ('000)	Subscription per ordinary share ($)
30 June 2010	3.7	30,964	7.8	0.12
23 November 2010	6.7	12,299	-	0.55

Source: ASX announcements

We consider the prices at which these placements occurred, in particular the more recent placement undertaken in November 2010, provide limited evidence as to the current value of a share in Auzex having regard to the following:

- the acquisition of Bullabulling, which is Auzex's primary asset, was not completed until August 2010. Accordingly, we do not consider the capital raising undertaken in June 2010 to be representative of the current fair market value of an Auzex Share
- the placement undertaken in November 2010 occurred shortly after Auzex's August 2010 announcement of an increase in JORC mineral resources to 1.98 Moz at Bullabulling. Since this time, additional exploration work has been undertaken at Bullabulling and Auzex has announced it expects to announce a resource upgrade in the June 2011 quarter. Accordingly, we do not consider the capital raising undertaken in November 2010 reflects the more recent announcements in relation to favourable drilling results at Bullabulling.

On this basis, we have not placed reliance on the prices achieved in Auzex's recent capital raisings in our assessment of the fair market value of an Auzex Share.

7.5.2 Analysis of recent share trading

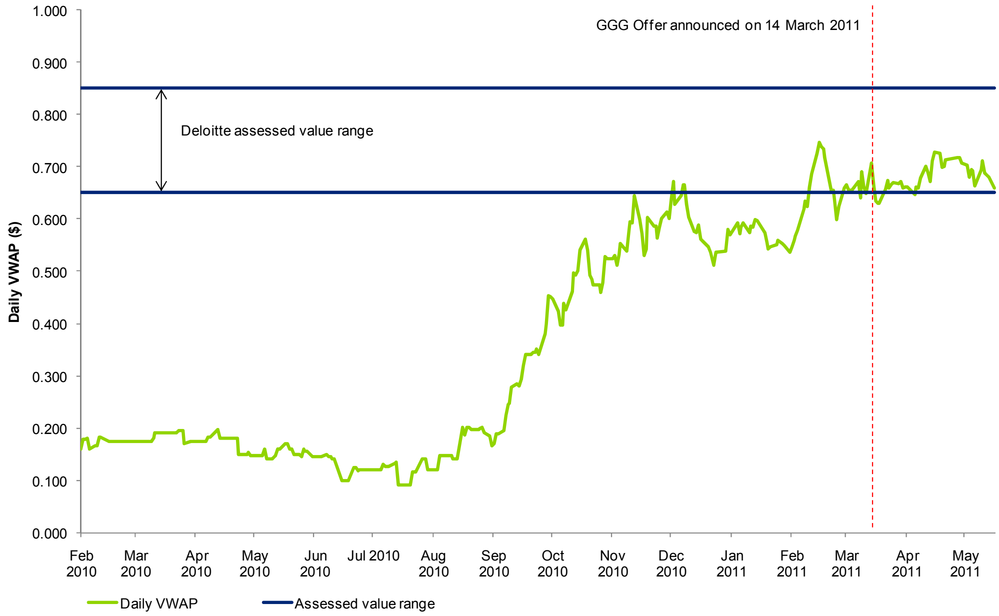
The market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's shares.

As Auzex issues periodic reports describing quarterly activities and cash flows providing an update regarding Auzex's financial performance, we consider the market is sufficiently well informed to enable the share price of Auzex to be analysed as a cross-check of the value of Auzex.

In the six month period prior to the announcement of the GGG Offer, approximately 2.7 million Auzex Shares were traded on average on a weekly basis. This equates to an average trading volume of approximately 3% of Auzex's issued shares per week, or 75% for the entire six month period. On this basis, we consider Auzex Shares to be sufficiently liquid for the purpose of this analysis.

Auzex's share price ranged from $0.28 to $0.76 per share during the six months prior to the announcement of the GGG Offer. We have compared the daily VWAP of an Auzex Share since the announcement of Auzex's intention to exercise its option to acquire Bullabulling in February 2010 to our selected value of an Auzex Share in the figure below.

Figure 9: Comparison of share trading



Source: Thomson Reuters and Deloitte analysis

In general, share prices from market trading do not reflect the market value for control of a company as they are for portfolio holdings. Australian studies indicate the premiums required to obtain control of companies range between 20.0% and 40.0% of the portfolio holding values. The premium that should be applied to the value of a minority interest in order to derive a control value is somewhat subjective.

The one month VWAP of an Auzex Share prior to the announcement of the GGG Offer was $0.66. The low end of our selected value range per Auzex Share on a control basis is broadly in line with the one month VWAP and the high end our range represents a premium to 28.8% over the one month VWAP. The premium implied by the higher end of our value range is broadly in line with observed control premiums as discussed above. In addition, we note that the pre-announcement market price of an Auzex Share may also reflect, to some extent, a potential merger scenario as Auzex had announced to the market that it held initial discussions with GGG regarding consolidation of Bullabulling into one corporate entity.

Based on the above, we consider the recent share trading of Auzex Shares provides support for our assessed value range of an Auzex Share.

8 Valuation of the Proposed Merged Entity

8.1 Introduction

In this section we have estimated the fair market value of a share in the Proposed Merged Entity (on a minority basis). This valuation has been performed on a minority interest basis because Auzex Shareholders who accept the GGG Offer will become minority shareholders in the Proposed Merged Entity.

On the basis that GGG's contribution to the Proposed Merged Entity's asset portfolio will principally be its 50% interest in Bullabulling (which is currently held jointly with Auzex), we are of the opinion that the most appropriate approach to value a share in the Proposed Merged Entity is to apply a sum of the parts methodology on a consistent basis with that adopted in determining the value of an Auzex Share.

To provide additional evidence of the fair market value of a share in the Proposed Merged Entity using the sum of the parts methodology, we have cross-checked our valuation of a share in the Proposed Merged Entity with reference to recent share trading activity in GGG shares.

8.2 The sum of the parts method

To value the Proposed Merged Entity using the sum of the parts method requires an estimate of the value of:

- the assets held by Auzex
- the remaining 50% interest in Bullabulling held by GGG
- working capital balances of GGG
- net cash position of GGG
- any other assets and liabilities of the Proposed Merged Entity which have not otherwise been captured in the valuation of the above.

Our consideration of each of these items is set out below.

8.2.1 Assets held by Auzex

Our selected range of values of an Auzex Share derived under the market based approach of $0.65 to $0.85 implies a value of the assets held by Auzex which will form part of the Proposed Merged Entity of between $67.4 million and $89.2 million as follows:

Table 29: Value of assets held by Auzex which will form part of the Proposed Merged Entity

	Section	Units	Low value	High value
Deloitte assessed value of an Auzex Share (on a fully diluted control basis)	7.4	$	0.65	0.85
Number of shares outstanding (dilutive basis)	5.4	*' million*	*109.1*	*109.1*
Deloitte assessed equity value of Auzex (on a control basis)		**$' million**	**70.9**	**92.7**
less: Available for sale financial assets	7.2.2	$' million	3.5	3.5
Assets held by Auzex which will form part of Proposed Merged Entity		**$' million**	**67.4**	**89.2**
comprising:				
Interest in Bullabulling		$'million	40.3	62.1
Other exploration assets[1]	7.2.1	$'million	17.3	17.3
Working capital balances	7.2.3	$' million	0.0	0.0
Plant and equipment	7.2.4	$' million	0.6	0.6
Net cash position	7.2.5	$' million	6.5	6.5
Cash from the exercise of Auzex options	7.2.6	$' million	2.7	2.7
		$' million	**67.4**	**89.2**

Source: Deloitte analysis

Note:

1. Represents Auzex's interests in North Queensland, New South Wales and Lyell projects

These values reflect the preferred value of Auzex's assets derived under the sum of the parts methodology as set out in Section 7 other than:

- its investment in GGG shares which would effectively be treated as a return of capital when Auzex was consolidated into the Proposed Merged Entity
- the value of Auzex's 50% interest in Bullabulling which has been implied from the analysis set out above.

8.2.2 Interest in Bullabulling held by GGG

GGG holds a 50% interest in Bullabulling. The other 50% interest in Bullabulling is held by Auzex and has an estimated fair market value in the range of $40.3 million to $62.1 million as set out in Section 8.2.1. We have valued GGG's 50% interest in Bullabulling on a commensurate basis.

8.2.3 Working capital balances

We have valued GGG's working capital balances at their book values of $0.8 million[8] (net liability) as per section 2 of the Bidder's Statement.

These balances principally comprise trade creditors, prepayments and other receivables. We have deducted any security deposits or bank guarantees held in respect of GGG's interest in Bullabulling as we consider these values are implicitly reflected in the value of the underlying value of Bullabulling.

In the absence of further information, we are not aware of any movements in GGG's working capital balance since 31 December 2010.

8.2.4 Net cash position

GGG had a net cash balance of $16.4 million[8] and no interest bearing liabilities as per section 2 of the Bidder's Statement as at 31 December 2010.

We have estimated GGG's current cash balance to be approximately $14.0 million based on the amount paid by GGG to Auzex in relation to Bullabulling since 31 December 2010. In the absence of further information, no additional adjustments to the cash position of GGG since 31 December 2010 have been made.

8.2.5 Valuation of other assets and liabilities

We have considered the value of the following other assets of GGG which have not been included in the values set out above.

Cash raised from GGG's secondary listing on the ASX

As discussed in Section 4.5, GGG was admitted to the ASX for secondary listing on 17 May 2011. As part of its listing, GGG has accepted applications for a total of approximately 20.3 million CDIs at an issue price of $0.40 raising approximately $8.1 million.

We have added the cash that GGG has received from the issue of the above CDIs and increased the number of GGG securities on issue to include the new CDIs to be listed on the ASX. Based on previous announcements from GGG we have also assumed that GGG will incur associated listing costs of $0.7 million which have been deducted from the cash raised.

Cash from the exercise of GGG options and warrants

To take account of the potential dilution of the value of a share in the Proposed Merged Entity we have added the cash that would be received in the event that all of the GGG options and warrants are exercised, and increased the number of shares on issue to include the additional GGG shares that would be issued to option holders. Whilst we recognise that not all of the GGG options are 'in the money' and may be exercised in the future, due to the low number of GGG options that are out of the money and immaterial impact on our value of a share in the Proposed Merged Entity we have assumed that all of the GGG options are exercised.

A summary of GGG's options is set out in Section 3.5.

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[8] Determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1

Accumulated tax losses

GGG has accumulated gross tax losses in excess of $2.8 million[9] as at 31 December 2010.

Realisation of any value from these carry forward losses is dependent on the ability of GGG to generate future profits. GGG has not recognised these potential tax benefits for accounting purposes on the basis that it is not probable that future taxable profits will be available against which GGG can utilise the temporary differences and losses. GGG has no assets that are currently generating taxable profits or are likely to generate taxable profits in the immediate future.

We have not ascribed any value to the carry forward tax losses on the basis that the expected value of the future benefits to be derived from these tax balances is not significant. We have adopted a consistent treatment in our valuation of tax losses held by Auzex in Section 7.2.6.

8.2.6 Minority discount

The equity value derived from the sum of the parts methodology reflects value on a control basis. If the GGG Offer is accepted, Auzex Shareholders will receive a minority interest in the Proposed Merged Entity.

The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values. A minority interest discount is the inverse of a premium for control (minority interest discount = 1-1/(1+control premium)) and generally ranges between 15% and 30%.

The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not. These include:

- control the cash flows of the company, such as dividends, capital expenditure and compensation for directors
- determine the strategy and policy of the company
- make acquisitions, or divest operations
- control the composition of the board of directors.

The level of discount that should be applied to the value of a controlling interest in order to derive a minority interest is somewhat subjective.

Based on the considerations outlined above, we consider that a minority interest discount of 22.5%, being the midpoint of the observed range of minority interest discounts, is appropriate for a minority share in the Proposed Merged Entity.

[9] Determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1

8.2.7 Valuation of a share in the Proposed Merged Entity

The value of a share in the Proposed Merged Entity (on a fully diluted minority basis) derived from the sum of the parts method is summarised below.

Table 30: Summary – sum of the parts method (on a fully diluted minority basis)

	Section	Units	Low value	High value
Assets held by Auzex	8.2.1	$'million	67.4	89.2
Interest in Bullabulling held by GGG	8.2.2	$'million	40.3	62.1
Working capital balances held by GGG	8.2.3	$'million	(0.8)	(0.8)
Net cash position of GGG	8.2.4	$'million	14.0	14.0
Cash from GGG's issue of CDIs on ASX	8.2.5	$'million	7.5	7.5
Cash from the exercise of GGG options and warrants	8.2.5	$'million	5.4	5.4
Equity value of the Proposed Merged Entity (on a control basis)		**$'million**	**133.8**	**177.4**
Discount for minority interest – 22.5%	8.2.6	*$'million*	*(30.1)*	*(39.9)*
Equity value of the Proposed Merged Entity (on a minority basis)		**$'million**	**103.7**	**137.5**
Number of shares outstanding (on a fully diluted basis)	5.4	*'million*	*316.2*	*316.2*
Value of a share in the Proposed Merged Entity (on a fully diluted minority basis)		**$**	**0.33**	**0.43**

Source: Deloitte analysis

Note:

1. Figures may be subject to rounding

Based on the foregoing, we consider the value of a share in the Proposed Merged Entity (on a minority basis) to be in the range from $0.33 to $0.43.

8.3 Analysis of recent share trading in GGG

In addition to our valuation based on the sum of the parts methodology, we have also considered the recent share market trading activity in GGG shares post the announcement of the GGG Offer to provide additional evidence of the fair market value of a share in the Proposed Merged Entity.

If the GGG Offer is successful, the new GGG shares issued to Auzex Shareholders will be shares in the Proposed Merged Entity. Movements in the price of GGG shares since the announcement of the GGG Offer on 14 March 2011 will incorporate the market's view of the prospects of the Proposed Merged Entity, to the extent that market participants expect the GGG Offer to be accepted and approved by Auzex Shareholders.

The market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's shares.

As GGG issues periodic reports describing quarterly activities and cash flows providing an update regarding GGG's financial performance, we consider the market is sufficiently well informed to enable the share price of GGG to be an appropriate measure of its fair market value and therefore the Proposed Merged Entity.

In the six month period prior to the announcement of the GGG Offer approximately 6.3 million GGG shares were traded on average on a weekly basis. This equates to an average trading volume of approximately 3.4% of GGG's issued shares per week, or 80% for the entire six month period. On this basis we consider GGG shares to be sufficiently liquid for the purpose of this analysis.

The GGG Offer was announced on 14 March 2011. From 14 March 2011 to 16 May 2011 GGG shares have traded in a range of £0.29 to £0.39 per share with a VWAP of £0.34. The following table sets out the share market trading in GGG shares prior to and since the announcement of the GGG Offer.

Table 31: Summary – analysis of recent share trading in GGG shares

	Value (£)
Share prices after the announcement of the GGG Offer	
Share price trading range (up to 16 May 2011)	0.29 to 0.39
VWAP (up to 16 May 2011)	0.34
Most recent trading price (as at 16 May 2011)	0.32
VWAP prior to the announcement of the GGG Offer	
1 day prior to announcement	0.38
1week prior to announcement	0.40
1 month prior to announcement	0.37
3 months prior to announcement	0.30

Source: Thomson Reuters and Deloitte analysis

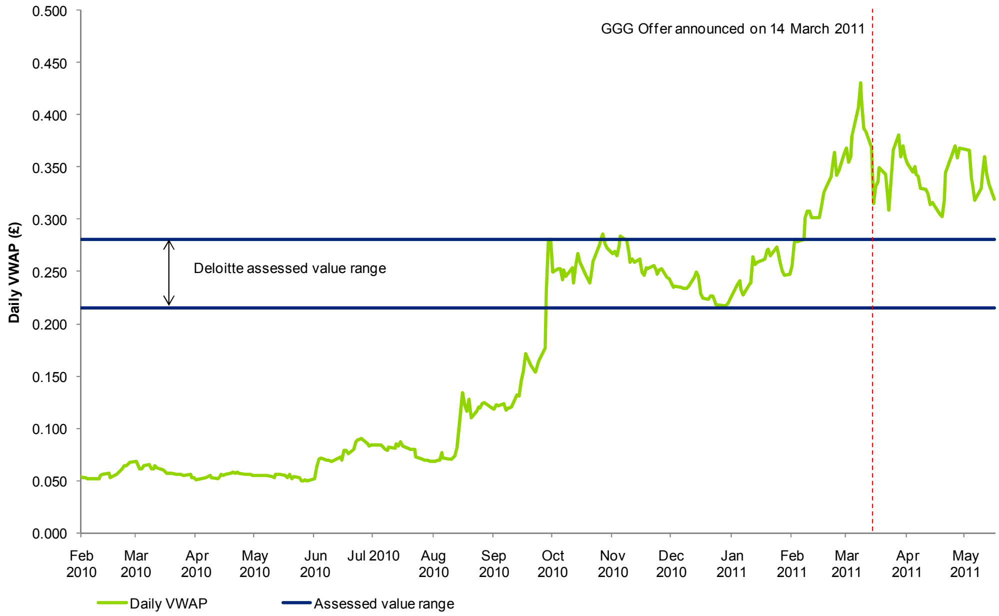
We consider that the market price of a GGG share after the announcement of the GGG Offer provides evidence of the value the market attributes to the value of a share in the Proposed Merged Entity.

Based on the share market trading activity in GGG shares since the announcement of the GGG Offer, we have assessed the value of a share in the Proposed Merged Entity to be in the range from £0.30 to £0.35 or $0.46 to $0.53 per share on an Australian dollar equivalent basis[10].

[10] Determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1

We have compared the daily VWAP of a GGG share since the announcement of GGG's acquisition of an option to acquire 50% of Bullabulling in February 2010, to our selected value of a share in the Proposed Merged Entity of $0.33 to $0.43 or £0.22 to £0.28 per share on a pound sterling equivalent basis[11] in the figure below.

Figure 10: Comparison of share trading



Source: Thomson Reuters and Deloitte analysis

Note:

1. Deloitte assessed value range determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1

Our range of values of a share in the Proposed Merged Entity falls below the prices observed in recent share market trading in GGG.

On the basis that GGG and Auzex have a common asset base and that our valuation of an Auzex Share is broadly supported by recent share trading in Auzex, we are of the view that, notwithstanding that our value range is below recent GGG trading prices, our valuation of a share in the Proposed Merged Entity is reasonable.

However, we have also considered the sensitivity of our fairness opinion to an increase in the consideration offered by GGG to levels consistent with recent share trading of GGG in Section 9.2.

[11] Determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1

9 Evaluation and conclusion

9.1 Valuation of consideration

If Auzex Shareholders accept the GGG Offer, Auzex Shareholders will receive seven GGG shares for every five Auzex Shares held.

In the table below we have set out the value of the consideration, being seven shares in the Proposed Merged Entity for every five Auzex Shares (a merger ratio of 1.4) using our assessed range for the value of a share in the Proposed Merged Entity.

Table 32: Valuation of consideration offered per Auzex Share

	Low ($)	High ($)
Value of a share in the Proposed Merged Entity	0.33	0.43
Merger ratio	1.40	1.40
Value of consideration per Auzex Share	0.46	0.60

Source: Deloitte analysis

We are of the opinion that the most appropriate methodology to value a share in the Proposed Merged Entity is the sum of parts methodology. The value of a share in the Proposed Merged Entity, determined in Section 8.2.7 of between $0.33 and $0.43 per share implies that the consideration offered by GGG pursuant to the GGG Offer is in the range of $0.46 to $0.60 per Auzex Share.

Regardless of the outcome of the GGG Offer, the price of the shares in the Proposed Merged Entity will vary in the future, based on market movements, advancement of the development or change in status of Bullabulling and other exploration projects and changes in GGG's specific circumstances. We have assessed the fairness of the value of the consideration offered based on our assessment of the current fair market value of a share in the Proposed Merged Entity.

We have set out in the table below the effective consideration per Auzex Share for a range of possible market prices for a share in the Proposed Merged Entity.

Table 33: Sensitivity of the value of consideration offered per Auzex Share

Market price of a share in the Proposed Merged Entity ($)	Consideration per Auzex Share ($)
0.30	0.42
0.40	0.56
0.50	0.70
0.60	0.84
0.70	0.98
0.80	1.12

Source: Deloitte analysis

9.2 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer.

As Auzex and GGG principally share a common asset base (equal interests in Bullabulling, the outcome of our assessment of the fairness of the GGG Offer is not dependent on the estimated value of Bullabulling but is entirely dependent on the merger ratio implied by the GGG Offer. Under all valuation scenarios considered, including a range of values for Bullabulling above what is reflected in our absolute estimates of the fair market value of an Auzex Share and the consideration offered by GGG, the GGG Offer is not fair at the implied merger ratio.

Notwithstanding this, a comparison of our assessment of the fair market value of an Auzex Share with the consideration offered by GGG is set out in the table below.

Table 34: Evaluation of fairness

	Low value per share ($)	High value per share ($)
Estimated fair market value of an Auzex Share	0.65	0.85
Estimated fair market value of consideration offered by GGG	0.46	0.60

Source: Deloitte analysis

We adopted the same approach in our valuation of Auzex and the Proposed Merged Entity, using the same value for the Bullabulling which is held jointly by and is the principal asset of both Auzex and GGG. Therefore, if the value of an Auzex Share is towards the high end of our valuation range, the corresponding value of the Proposed Merged Entity will also be towards the high end of our valuation range and vice versa.

The low and high values of the consideration offered by GGG are both approximately 40% below our corresponding estimates of the value of an Auzex Share. On this basis, we are of the opinion that the GGG Offer is not fair.

Increase in the value of Bullabulling will not make the GGG Offer fair

Auzex has announced that it expects a revised JORC resource for Bullabulling to be issued during the June 2011 quarter, to be followed by a maiden JORC reserve. Confirmation of the upgrade or other advancement of the project may reduce risk and result in additional near term value to the project.

As Auzex and GGG each hold a 50% interest in Bullabulling, any change in the value of Bullabulling will impact the value of Auzex, GGG and the Proposed Merged Entity. However, based on the merger ratio implied by the GGG Offer, an increase in the value of Bullabulling (all other factors being equal) will not make the GGG Offer fair to Auzex Shareholders.

The table below outlines the effect of a change in the value of Bullabulling on the fair market value of an Auzex Share and the estimated fair market value of the consideration offered by GGG per Auzex Share.

Table 35: Sensitivity analysis of increase in Bullabulling value on fairness of the GGG Offer

Value of Auzex and GGG's respective 50% interests in Bullabulling ($)	Estimated fair market value of an Auzex Share ($)	Estimated fair market value of consideration offered by GGG per Auzex Share ($)
25,000,000	0.51	0.36
50,000,000	0.74	0.53
75,000,000	0.97	0.69
100,000,000	1.20	0.86

Source: Deloitte analysis

Accordingly, regardless of a change in the value of Bullabulling (all other factors being equal), the value of the consideration offered by GGG will always be below the value of an Auzex Share and the GGG Offer will not be fair to Auzex Shareholders under the current merger ratio.

Valuation in line with recent GGG share trading would not make the GGG Offer fair

We note that our value of the consideration offered under the GGG Offer is lower than the value implied by recent share market trading in GGG.

If this recent share trading in GGG shares in the range of $0.46 to $0.53 per share on an Australian dollar equivalent basis[12] was applied to value the Proposed Merged Entity, the consideration offered under the GGG Offer would be valued at $0.64 to $0.74 per Auzex Share. This valuation would however imply a value of GGG and Auzex's respective 50% interests in Bullabulling of between $67.3 million and $81.5 million (all other factors being equal) and a value of $0.90 to $1.03 per Auzex Share on a control basis (all other factors being equal). Accordingly, the GGG Offer would remain not fair to Auzex Shareholders.

Reasonableness

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. An offer might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for securityholders to accept the offer in the absence of any higher bid before the close of the offer.

We have formed our opinion on the reasonableness of the GGG Offer based on an analysis of the likely advantages and disadvantages to Auzex Shareholders of accepting the GGG Offer.

[12] Determined using a foreign exchange rate as at 16 May 2011 of $1.5 per £1

Advantages of the GGG Offer

The likely advantages to Auzex Shareholders if the GGG Offer is successful include:

The Proposed Merged Entity will hold 100% of Bullabulling

If the GGG Offer is successful, the Proposed Merged Entity will hold 100% of Bullabulling compared to the separate 50% interests currently held individually by Auzex and GGG.

This will enable a rationalisation of future decision-making processes and may result in cost savings from combining the interests in the project held by Auzex and GGG. In particular, Auzex and GGG will no longer need to separately expend time, management resources and investment in their workforce to manage their 50% interests in this project.

In addition, there may be corporate cost savings from the amalgamation of Auzex's head office operations into GGG's existing operations. There are also likely to be cost savings if the GGG Offer is successful and Auzex is delisted from the ASX, as it will no longer be required to pay listing and directors' fees. However, cost savings and synergies in the Proposed Merged Entity are not anticipated to be material.

Disadvantages of the GGG Offer

The likely disadvantages to Auzex Shareholders if the GGG Offer is successful include:

Diluted participation in future growth of Auzex's asset portfolio

As Auzex is at a relatively early stage of exploration in relation to its projects, the outcome of future exploration activities will likely significantly affect the future performance and value of the Company. In particular, Auzex expects a revised resource for Bullabulling to be issued during the June 2011 quarter, to be followed by a maiden JORC reserve. An upgrade in Bullabulling's resources and/or successful outcomes from Auzex's other exploration activities may result in additional near-term value.

If the GGG Offer is successful, Auzex Shareholders will hold approximately 47.0% of the shares in the Proposed Merged Entity or 44.5% on a fully diluted basis. As a result, Auzex Shareholders will have their exposure to the potential upside from Auzex's current development and exploration portfolio significantly diluted, as the potential upside will be shared by all shareholders in the Proposed Merged Entity.

In relation to Bullabulling, whilst GGG and Auzex currently have equal 50% interests, Auzex Shareholders will have an effective diluted participation interest in this project of 44.5% via their shareholdings in the Proposed Merged Entity.

Proposed Merged Entity management structure

As outlined in section 6.3 of the Bidder's Statement, should the GGG Offer be successful GGG intends to replace some or all of the Directors. We understand GGG has not yet identified the board of Directors and key management of the Proposed Merged Entity. Auzex currently undertakes the day-to-day management of Bullabulling and has led relevant technical and commercial work concerning the acquisition and development of Bullabulling.

There is uncertainty as to how the management team of the Proposed Merged Entity will be structured if the GGG Offer is successful and whether the management expertise and the knowledge of Bullabulling and the other exploration projects held by Auzex will be transferred to the Proposed Merged Entity.

Foreign Auzex Shareholders unable to participate in the Offer

Foreign Auzex Shareholders[13] are not entitled to receive GGG shares as consideration for their Auzex Shares. Securities of ineligible Foreign Auzex Shareholders will be sold under a nominee sale procedure set out in section 9.12 of the Bidder's Statement. Consequently, these Foreign Auzex Shareholders will be unable to participate in the future growth associated with the Proposed Merged Entity, unless they subsequently purchase shares in the Proposed Merged Entity on market.

Other matters

The intentions of the Directors

It is the intention of the Directors, who hold approximately 12.2% of the ordinary shares in Auzex, to reject the GGG Offer for all of their Auzex Shares.

No offer for Auzex options

GGG has not made a separate offer to holders of Auzex options. If Auzex option holders would like to participate in the GGG Offer, Auzex option holders will need to exercise their options and be issued Auzex Shares within the offer period.

If the GGG Offer is not successful, GGG may retain control over Auzex

On the basis that the GGG Offer does not proceed or is not successful, GGG may still be able to acquire the relevant number of Auzex Shares to gain control over Auzex. The minimum acceptance condition under the GGG Offer is 50.1%.

Should GGG gain control over Auzex:

- GGG may be in a position to influence the structure and decision making of the Directors in a manner representing the best interests of GGG, and to the possible disadvantage of the Auzex Shareholders
- GGG may hold sufficient voting power in Auzex to act as a 'blocking' stake in respect of any potential future acquisitions and/or divestments relevant to Auzex
- GGG's holding of Auzex Shares may reduce the liquidity of the Auzex Shares.

Further to this, if the GGG Offer is not successful, this may impact on the JV partner relationship between Auzex and GGG in Bullabulling.

Investment in an AIM listed entity

GGG was admitted to the official list of the ASX on 17 May 2011, and will therefore have its shares quoted on both the AIM and the ASX. If Auzex Shareholders accept the GGG Offer, Auzex Shareholders can elect to have the GGG shares they receive as consideration under the GGG Offer registered on the UK or Australian share register.

[13] An Auzex Shareholder is a Foreign Auzex Shareholder for the purposes of the GGG Offer if their address as shown in the register of members of Auzex is in a jurisdiction other than Australia or its external territories or New Zealand

Taxation implications

If Auzex Shareholders accept the GGG Offer, Auzex Shareholders may incur a tax expense. Capital gains tax roll-over relief may be available to Auzex Shareholders if 80% or more of Auzex Shareholders accept the GGG Offer. Individual Auzex Shareholders should consult their tax advisor in relation to their personal circumstances. Further details in respect of the potential taxation implications are provided in section 7 of the Bidder's Statement.

The above comments in respect of taxation impacts are general in nature and do not constitute tax advice. Accordingly, Auzex Shareholders should consult their tax advisers in relation to their personal circumstances.

No alternative offers

As at the date of our report, Auzex has not received any alternative offers for its issued capital.

Conclusion on reasonableness

On balance, in our opinion, the advantages of the GGG Offer do not outweigh the disadvantages.

Opinion

In our opinion, the GGG Offer is neither fair nor reasonable to Auzex Shareholders.

Appendix 1: Glossary

Reference	Definition
£	Pound sterling
$	Australian dollar
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
AIM	London Stock Exchange AIM
APESB	Accounting Professional and Ethical Standards Board Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUASB	Auditing and Assurance Standards Board
Auzex or the Company	Auzex Resources Limited
Auzex NZ	Auzex Resources (NZ) Pty Limited
Auzex Shareholders	Holders of fully paid ordinary shares (Auzex Shares) other than GGG
Auzex Shares	Auzex fully paid ordinary shares
Bidder, the	GGG Resources plc
Bidder's Statement, the	The bidder's statement in relation to the GGG Offer and dated 15 April 2011
Bullabulling	Bullabulling Gold Project
CDI	CHESS Depositary Interest
COMEX	Commodities Exchange
Company, the	Auzex Resources Limited
Cth	Commonwealth
Deloitte	Deloitte Corporate Finance Pty Limited
Directors	Directors of Auzex
EIU	Economist Intelligence Unit
ESOP	Employee Share Option Plan
ETFs	Exchange trade funds
FSG	Financial Services Guide
Foreign Auzex Shareholders	A Shareholder if their address as shown in the register of members of Auzex is in a jurisdiction other than Australia or its external territories or New Zealand
FOS	Financial Ombudsman Services
g/t	Gram per tonne
Galala	Galala Range molybdenum prospect
GGG	GGG Resources plc
GGG Offer, the	GGG's conditional off-market offer to acquire all of the fully paid ordinary shares in Auzex that GGG does not already own
GST	Goods and services tax
Jervois	Jervois Mining Limited

Reference	Definition
JORC	Australasian Joint Ore Reserves Committee
JV	Joint venture
Khartoum	Khartoum Tin Project
Kingsgate	Kingsgate Molybdenum project
km	Kilometre
Lyell	Lyell Goldfields
Lyndbrook	Lyndbrook Project
Mining Associates	Mining Associates Pty Limited
Moz	Million ounces
ML	Mining Lease
NYMEX	New York Mercantile Exchange
NZ	New Zealand
oz	Ounces
Proposed Merged Entity, the	The enlarged GGG group, being Auzex and GGG
Runningbrook	Runningbrook gold and copper prospect
Section 640	Section 640 of the Corporations Act 2001 (Cth)
Target's Statement, the	The target's statement in respect of the GGG Offer
UK	United Kingdom
US	United States of America
USD	American dollar
VALMIN code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume weighted average price

Appendix 2: Australian gold mining industry

Auzex and GGG operate predominantly within the Australian gold mining industry, through their interests in Bullabulling. Whilst GGG does not have interests in any other tenements, Auzex also holds exploration tenements which are prospective for base metals including molybdenum, silica, tin, copper, bismuth and tungsten. However, there has been limited exploration work to date in relation to these exploration tenements, and therefore we have focussed our analysis on the gold industry.

Gold mining

Participants in the gold mining industry are involved in exploration, mining, extraction, milling, processing and refining of gold ore resources into a concentrate or into bullion. Companies typically undertake processing on-site and retain ownership of the semi-processed gold product, and then pay for further refining on a toll-charge basis.

Demand

In the five years to 2010, annual global demand for gold was on average 116.5 Moz[14]. Demand for gold, either in ingot form or fabricated into jewellery and coins, rests on its traditional role as a store of wealth for both individuals and nations. Industrial uses for gold are limited to the electronics industry and dentistry. The following figure shows the primary source of demand for gold over the last five years.

Figure 11: Sources of demand for gold by type (2005 to 2010)

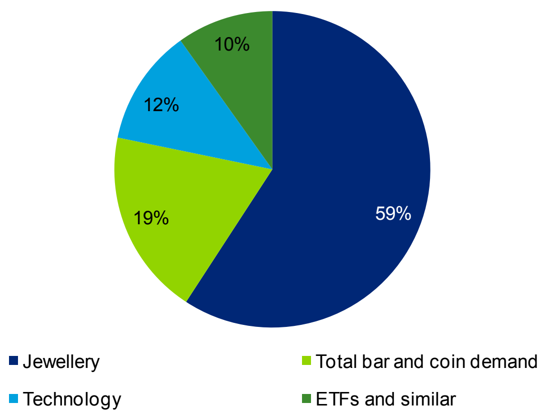
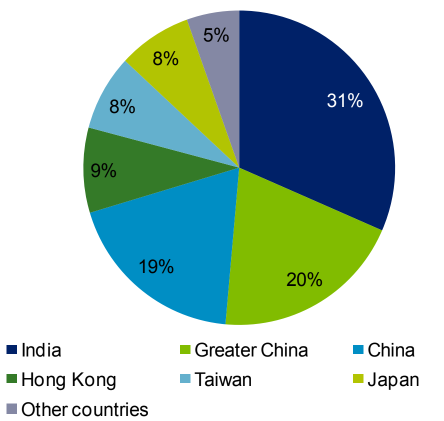


Figure 12: Sources of consumer demand for gold by region (2010)



Source: World Gold Council; Demand Trends 2010

Note:

1. ETFs refer to exchange-traded funds

[14] World Gold Council, Global demand trends; full year 2006 to 2011

Jewellery forms the largest source of demand for gold, with India having the highest demand for gold reflecting the importance of gold in the Hindu culture and religion (a religious group that represents approximately 80% of the country's population[15]). Gold jewellery markets have experienced significant growth in the past decade mainly driven by demand from India and China, which have significantly increased retail sector demand for the commodity, notwithstanding the decline in global demand for jewellery as a result of the global financial crisis in 2008 and 2009[16]. Gold demand reached a 10-year high of 122.6 Moz in 2010, driven predominantly by growth in jewellery demand. From 2001 to 2010, global demand for gold grew by 2.23% p.a.

Supply

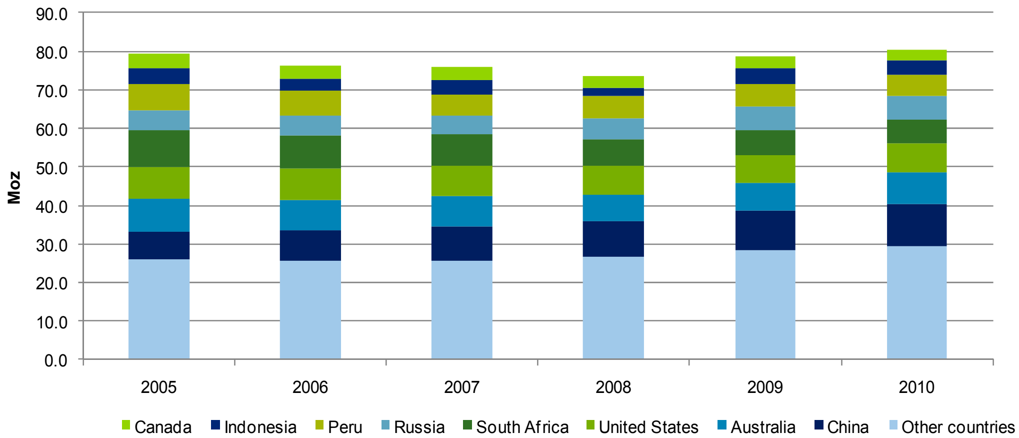
The global supply of gold is sourced from the following:

- mine production
- old gold scrap, being gold which returns to the market when recovered from manufactured or semi-manufactured goods, including jewellery and electrical goods
- net government sales of stockpiles
- divestment by existing holders of gold stocks
- producer hedging.

In 2010, 62% of global gold supply came from newly mined production and 40% from the recycling of gold scrap[17].The 2010 calendar year marked the first in two decades that central banks were net purchasers of gold, acquiring 2% of the gold supply. This has been driven by emerging economies diversifying their external reserves, and European central banks halting sales following the global financial crisis[18].

The following figure shows the global annual gold mine production by country from 2000 to 2010.

Figure 13: Gold mine production on a country basis (2000 to 2010)



Source: United States of America (US) Geological Survey, Mineral Commodities Summaries (2000 to 2011)

In 2010, China, Australia, the US, South Africa and Russia collectively contributed almost half the estimated global gold mine production.

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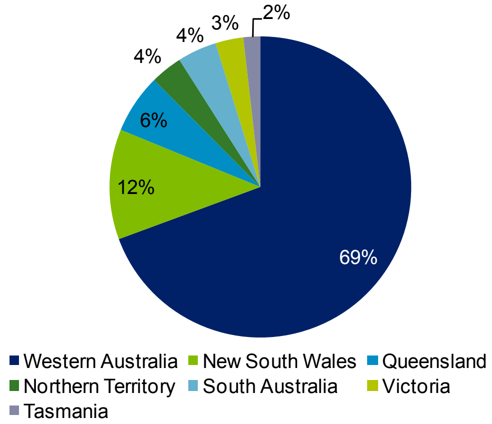
15 World Gold Council, An Investor's Guide to the Gold Market (US edition), May 2010
16 ibid
17 ibid
18 World Gold Council, Global demand trends, full year 2010

Global gold reserves were estimated at 1,639 Moz at the end of 2010; with South Africa, Australia, Russia, Chile and the US holding almost 50% of the world's identified gold reserves[19].

Supply in Australia

The following figure shows the sources of gold supply by states and territories within Australia.

Figure 14: Gold production by state and territory in Australia (2010)



Source: Australian Bureau of Agriculture and Resource Economics and Sciences (ABARES), Australian Mineral Statistics, December quarter 2010

Western Australia and New South Wales are the largest producing states of gold in Australia, accounting for 81% of total Australian production in 2010.

The UK and India are the largest export markets for Australia refined and unrefined gold bullion, accounting for 40.7% and 36.6% of total exported tonnes, respectively[20].

Prices

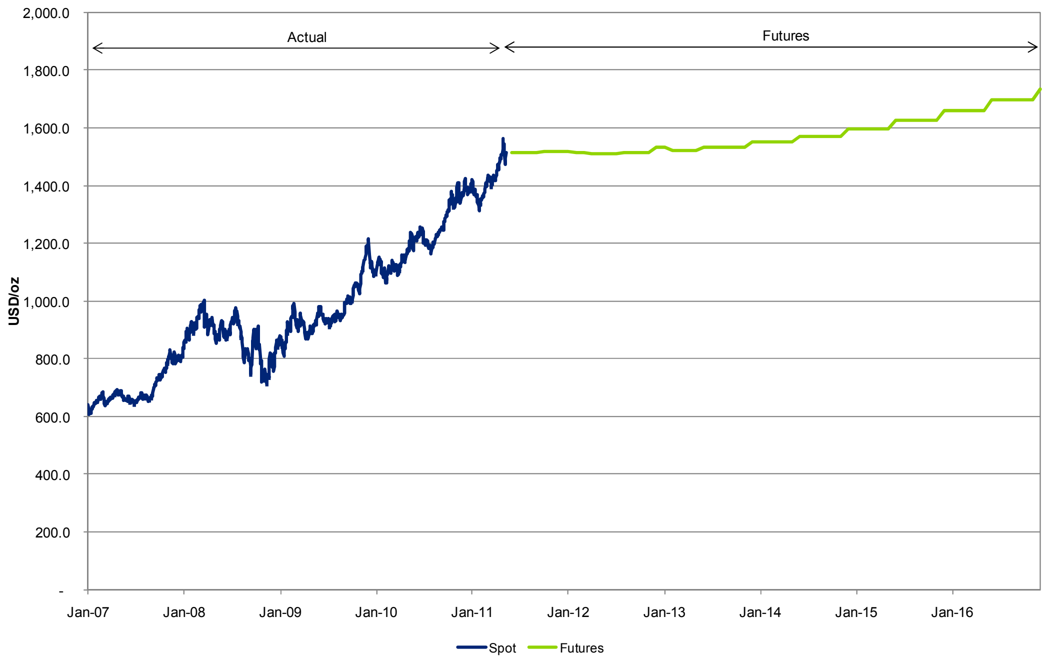
Gold is typically traded through the New York Mercantile Exchange (NYMEX), Commodities Exchange (COMEX) or the Tokyo Commodities Exchange. Gold is traded on a similar basis to currencies between central banks and the gold futures market is driven by spot prices and interest rate differentials.

The gold market is almost always in contango (where the gold futures price is higher than the expected future spot price). When expressed as a percentage of the gold price, the amount of contango is usually close to the risk-free rate. This means that through trading gold futures, it is possible to earn a return on gold which is similar to the return on low-risk assets. Therefore, gold can be viewed as more akin to a financial asset than a commodity.

[19] US Geological Survey, Mineral Commodities Summaries (2011)
[20] ABARES, Australian Mineral Statistics, December quarter 2010

The following figure shows the historical gold spot price from January 2007 to April 2011 and the COMEX gold futures price from April 2011 to December 2016.

Figure 15: Spot gold price and COMEX gold futures price (2007 to 2016)



Source: Thomson Reuters

The COMEX gold futures price increases from a spot price of USD1,503.9/oz on 16 May 2011 to USD1,719.9/oz for December 2016 futures.

Despite weak market fundamentals during the global financial crisis in 2008 and 2009, gold prices increased significantly during the period, reflecting investor's preference for gold as a defensive asset to protect value.

The gold price on the London spot fix reached record levels in 2010, with the average price increasing to USD1,224.5/oz during 2010 from USD972.3/oz the previous year and has increased further in 2011. This has been driven by continued concerns over economic growth in developed countries, particularly European economies, on the back of the sovereign debt crisis and possible contagions to other regions. In addition, official sector activity (i.e. demand from central banks and other official institutions) and improving demand from China and India contributed to price increases[21]. Australia was one of the few developed nations in 2010 that did not reach record gold prices. As the Australian currency appreciated against the USD, gold prices during 2010 did not exceed the record level of $1,535/oz experienced on 20 February 2009. After a correction in late December 2010, the gold price on the London spot fix steadily increased over the first quarter of 2011 and in early April 2011 following ongoing political turmoil in the Middle East and Africa.

The Economist Intelligence Unit (EIU) expect gold prices to weaken in 2012 and 2013, as investors seek better returns in other asset classes, following two years of significant growth in gold prices[22].

[21] World Gold Council, Gold investment digest, fourth quarter and full year 2010

[22] EIU, Global forecasting service, Gold, 14 April 2011

Critical success factors

The most critical success factor for participants within the gold mining industry is minimising the cost of production, due to the following reasons:

- price is determined by the market, because gold is a homogenous commodity and is generally sold in a liquid, open market
- individual producers are unlikely to be able to influence gold prices, because no single producer has access to a large enough proportion of the world's supplies
- gold is traded on futures exchanges, meaning that producers could hedge price risk
- lower cost mines can best withstand volatility in gold prices.

It may be possible for mines to sustain production over short periods of time where their cost of production exceeds the prevailing gold price. However, it is only possible for gold producers to service debt, cover depreciation charges and earn a profit in the long term if their marginal cost of production per unit is less that the price per unit.

While a low cost of production is the most critical success factor for participants within the gold mining industry, the following factors will also influence the success of participants:

- the location of mine sites and the successful negotiation with local governments for permits. This is especially important in less stable political environments, or in countries with a high political risk
- mining industry expertise. It is critical for participants to attract and retain management and other employees who have experience and expertise in exploration projects and mine development
- the successful handling of environmental concerns. Environmental concerns may halt a mining project or lead to higher costs or delays resulting from addressing the concerns
- access to large reserves. The larger the deposit, the greater the operation's ability to achieve economies of scale and to be able to increase output during times of high prices
- access to high-grade reserves. Higher grade reserves generally result in lower production costs per unit
- the ability to sell forward. This allows producers to lock-in prices when prices are high.

Barriers to entry

The barriers to entry into the gold mining industry are high. The following factors influence the ability of new competitors to enter the gold mining industry:

- ***capital expenditure*** – large amounts of capital expenditure are required to undertake exploration activities and to fund mine development, although junior mining companies may be able to offset some of the exploration costs through 'farm-in' arrangements with established mining companies
- ***leases and permits*** – leases and permits must be obtained to begin exploration work on potential mine sites. The ability of mining companies to obtain permits and leases may be influenced by political factors, especially in non-democratic countries, where the risk of nationalisation may be higher, or where there is a preference for local rather than international companies to develop mine sites
- ***environmental impact statements*** – environmental impact statements must be prepared before commencing construction of mining facilities. Companies which fail to adequately consider the environmental impact of their mining activities and allow for closure and rehabilitation of mine sites may be subject to considerable community pressure, or even legal action, to prevent them from commencing construction of facilities which may harm the surrounding environment

- ***management and employees*** – start-up mining companies may find it difficult to attract high-quality management, geologists and engineers, given that the global commodities boom has increased demand for professionals qualified in these fields
- ***commodity prices*** – given that the basis for competition is price, the start-up costs of commencing production may be prohibitive for new entrants if the price of gold is low.

Appendix 3: Comparable entities

The following table provides analysis of companies with comparable activities to Auzex.

Table 36: Implied resource multiples – market trading

Entity	Enterprise value[1] ($'million)	Resources Indicated (Moz)	Inferred (Moz)	Total (Moz)	Implied enterprise value/total resource multiple ($/Moz)
Keegan Resources Incorporated[2]	592.41	3.23	1.68	4.91	120.7
Orezone Gold Corporation	360.15	2.33	2.17	4.50	80.1
Azumah Resources Limited	123.85	0.65	0.52	1.16	106.3
Hummingbird Resources plc[3]	89.83	0.55	0.26	0.81	110.6
Papillon Resources Limited	55.01	0.12	0.54	0.66	83.1
PMI Gold Corporation	52.43	0.39	1.17	1.56	33.7
Signature Metals Limited	49.46	0.69	0.78	1.47	33.7
Coventry Resources Limited	23.92	0.42	0.58	1.01	23.8
Coral Gold Resources Limited	19.66	0.00	3.38	3.38	5.8
Viking Ashanti Limited	9.02	0.00	0.50	0.50	18.0
Average					**61.6**
Median					**56.9**
High					**120.7**
Low					**5.8**

Source: Thomson Reuters, company announcements and Deloitte analysis

Note:

1. Enterprise value as at 13 May 2011
2. None of the selected comparable companies have JORC measured resources
3. Based on a spot exchange rate as at 13 May 2011 of $1 per 1.02 Canadian dollars
4. Based on a spot exchange rate as at 13 May 2011 of $1 per £0.65

We provide the descriptions for each of the above comparables as follows:

Keegan Resources Incorporated

Keegan Resources Incorporated is engaged the exploration of mineral resources in western Ghana. Keegan Resources focus is on developing the Esaase Gold Project. The Esaase Project consists of two mining concessions, the Esaase Concession and Jeni River Concession, and has a current indicated resource of 3.2 Moz averaging 1.2 g/t. In addition, Keegan Resources Incorporated holds other gold concessions in Ghana which are at various stages of exploration, including the Asumura Property located in south west Ghana. The Asumura Property consists of two exploration concessions, Fosukrom and Asumura, which together cover 279 square kilometres (km^2).

Orezone Gold Corporation

Orezone Gold Corporation is engaged in the acquisition, exploration and development of mineral and precious metal properties in West Africa. Orezone Gold Corporation is in an exploration stage, with interests in four permits covering approximately 787 km^2 in Burkina Faso, and a 999 km^2 permit in Niger, Africa. In addition, Orezone Gold Corporation has two uranium exploration permits in Niger.

Azumah Resources Limited

Azumah Resources Limited is an Australia-based company, principally engaged in gold exploration at locations in Ghana. Azumah Resources Limited is focussed on developing the Wa Gold Project, covering 3,157 km^2 along the Birimian greenstone belt in Ghana. Azumah Resources Limited is expecting to complete a feasibility study in 2011, and commence production at the Wa Gold Project in early 2013.

Hummingbird Resources plc

Hummingbird Resources plc is a UK based company focused on gold exploration in eastern Liberia. Hummingbird Resources plc currently holds 15 licenses across the Birimian Greenstone Belt, covering an area of 7,170 km^2.The Dugbe licence (100% owned) covers 450 km^2 and represents the company's key exploration asset, with a resource estimate of 0.8 Moz. In addition to gold exploration, Hummingbird Resources plc holds a 100% interest in the Mt. Ginka iron ore project, located in Nimba County.

Papillon Resources Limited

Papillon Resources Limited is an Australian based gold explorer, with tenements located in Mali, West Africa. The Malian assets consist of 18 prospecting authorizations and research permits covering 1,460 km^2. Papillon Resources Limited acquired its interests in these assets, following the acquisition of an 80% equity interest in Mali Goldfields SARL and Songhoï Resources SARL on 17 March 2010.

PMI Gold Corporation

PMI Gold Corporation is a gold exploration company which holds 526 km^2 of exploration concessions and mining leases in Ghana. PMI Gold Corporation has 12 concessions located on the Asankrangwa Gold Belt, and two mining leases and two concessions on the Ashanti Gold Belt. PMI Gold Corporation has JORC indicated resources of 0.4 Moz, all at tenements located near to or under four previously mined pits.

Signature Metals Limited

Signature Metals Limited is an Australian based company primarily engaged in gold exploration. Signature Metals Limited's main focus is on the Konongo Gold Project in Ghana. Signature Metals also controls exploration licences and applications in Kenya and Uganda that are prospective for iron ore, nickel and copper. The Konongo Gold Project comprises 192 km^2 of granted tenure and contains 16 gold deposits along 12 km of strike of the Ashanti Gold Belt. The Konogo Gold Project currently has JORC compliant resources of 23.4 million tonnes at a grade of 1.95g/t with indicated and inferred resources of 1.47 Moz.

Coventry Resources Limited

Coventry Resources Limited is an Australian based gold explorer, focussed on developing gold assets in the Superior Province in eastern Canada. Coventry Resources Limited's principal asset, which is the wholly-owned Cameron Gold Project, which was acquired by Coventry Resources Limited from Nuinsco Resources in April 2010. The Cameron Project covers 30 km^2 and contains at least 12 known gold prospects and occurrences. The company's other key asset is the Ardeen Gold Project located 110 km west of Thunder Bay, Canada.

Coral Gold Resources Limited

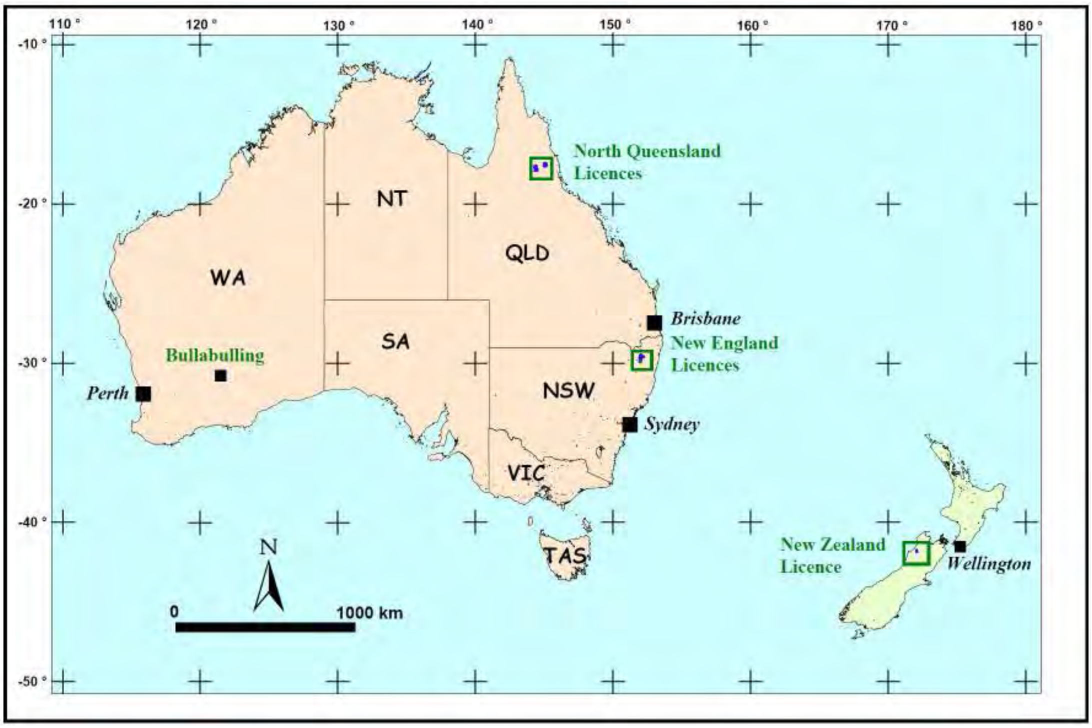
Coral Gold Resources Limited is a gold exploration company operating in Nevada and California in the US. The company's exploration activities are focused primarily on the Robertson mining claims located in Crescent Valley, Nevada. The company has two wholly owned subsidiaries: Coral Energy Corporation and Coral Resources Incorporation. The company also holds 98.49% of Marcus Corporation which owns various mining claims.

Viking Ashanti Limited

Viking Ashanti Limited was established in 2007 and is principally engaged in gold exploration in West Africa. On 7 January 2010, Viking Ashanti Limited entered into an agreement with two subsidiary companies of Resolute Mining Limited to acquire various mineral licences and joint venture interests in Ghana. These properties are located in the Ashanti Gold Belt of Ghana and include the Akoase East gold project with an inferred resource 0.5 Moz.

Appendix 4: Technical experts report

VALUATION OF MINERAL PROPERTIES OF AUZEX RESOURCES LIMITED IN AUSTRALIA AND NEW ZEALAND



Location of the Auzex tenements

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Effective Date: 18th May 2011

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TABLE OF ACRONYMS

ASL	Above sea level
AUD$	Australian Dollar
B.App.Sc.	Bachelor of Applied Science degree
B.Sc.	Bachelor of Science degree
BBGP	Bullabulling Gold Project
CAD$	Canadian Dollar
CEO	Chief Executive Officer
CIMVal	Standards and Guidelines for Valuation of Mineral Properties set down by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on Valuation of Mineral Properties
COMEX	New York Commodity Exchange
DDH	Diamond drill hole
DEM	Digital Elevation Model
EL	Exploration Licence
ELA	Exploration Licence Application
ERA	Environmental Risk Assessment
F.Aus.I.M.M.	Fellow of the Australasian Institute of Mining and Metallurgy
F.I.M.M.M.	Fellow of the Institute of Materials, Mining and Metallurgy
ICSG	International Copper Study Group
IP	Induced Polarization
JV	Joint Venture
LME	London Metal Exchange
M	Million
MA	Mineral Agreement
M.A.I.G.	Member of the Australian Institute of Geoscientists
M.G.S.A.	Member of the Geological Society of Australia
M.Sc.	Master of Science degree
M.S.M.E.	Member of the Society for Mining, Metallurgy and Exploration Inc.
NI43-101	National Instrument 43-101
NNE	North northeast
NNW	North northwest
QA/QC	Quality Assurance/Quality Control
RC	Reverse Circulation
RTP	Reduction to Pole
SAG	semi-autogenous grinding
SEC-GIS	Securities and Exchange Commission General Information Sheet
SEDAR	System for Electronic Document Analysis and Retrieval
SG	Specific Gravity
SRTM	Shuttle Radar Topographic Mission
tpd	Tonnes per day
USD$	United States Dollar
UTM	Universal Transverse Mercator
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Vidoro	Vidoro Pty Ltd
WGS84	World Geodetic System 1984

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1 SUMMARY

Purpose

To provide a Valuation of mineral tenements held by Auzex Resources Limited ("Auzex") located in Western Australia ("WA"), Queensland ("QLD"), New South Wales ("NSW") and New Zealand ("NZ"), together called the "Auzex tenements".

Scope

At the request of John Lawton, Managing Director of Auzex and under the direction of Deloitte Corporate Finance Pty Limited (“Deloitte”), Mining Associates Pty Ltd (“MA”) was commissioned in April 2011 to prepare a Valuation of the Auzex tenements in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the "VALMIN Code"). Auzex is an Australian public company duly organized and existing under the laws of Queensland, Australia.

The scope of work has been controlled by the Independent Expert, Deloitte Corporate Finance Pty Limited. The technical expert’s report is being prepared for the purpose of assisting Auzex shareholders in consideration of the Takeover Offer from GGG and this report will be included as an appendix to the independent expert’s report.

The scope of the inquiries and of the Valuation included the following:

- An analysis of all drilling, sampling, assaying, geological, geophysical and other exploration work conducted on the Auzex tenements to date.
- A review of recent exploration costs in Australia and NZ, including current prices charged for drilling, sampling, assaying and other exploration work.
- A review of transactions involving comparable properties in Australia and NZ and similar countries over the past 5 years.

MA has not been requested to comment on the Fairness or Reasonableness of any vendor or promoter considerations, and therefore no opinion on these matters has been offered.

Précis

Auzex has interests in mineral project areas in North QLD, NSW, NZ, and an advanced exploration project at Bullabulling in WA. These include 3 granted exploration permits for minerals ("EPMs") in North QLD, two granted exploration licences ("ELs") and two EL applications ("ELAs") in the New England district of NSW, one granted exploration permit ("EP") in NZ, and a range of contiguous mining tenements at Bullabulling in WA. The locations are shown in Figure 1.

The North Queensland Projects comprise EPM 14797 “Khartoum”, EPM 15570 “Khartoum North”, EPM 14417 “Eight Mile” and EPM 14418 “Fossilbrook” centred between 100 km and 180 km SW of Cairns. Past exploration has focussed on granite-hosted cassiterite tin deposits.

The New England projects comprise the EL 6333 “Kingsgate” and EL 6408 “Glen Elgin” located 25 km east and 40 km NE respectively from Glen Innes. Previous explorers have tested for granite-associated bismuth, molybdenum, tin and sapphire deposits.

The Lyell EP 40732 is located in the Buller District of the West Coast of the South Island of New Zealand approximately 40 km east of the town of Westport. Previous mining recovered gold from quartz veins in turbidites of the Ordovician Greenland Group.

The Bullabulling Gold Project (“BBGP”), a 50:50 joint venture between Auzex and Central China Goldfields PLC (now renamed GGG Resources PLC “GGG") comprises 6 granted mining leases ("MLs"), 19 granted prospecting licences ("PLs") and 7 granted licences ("Ls") centred about 65 km SW of Kalgoorlie. Previous mining recovered 370,000 oz of gold from broad, shallow open pits in laterite overlying wide shear zones in a sequence of metamorphosed mafic/ultramafic volcanics and sediments.

Conclusions

The three generally accepted Valuation approaches are:

- Income Approach.
- Market Approach.
- Cost Approach.

The ***Income Approach*** is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property, most commonly Discounted Cash Flow or DCF. This approach is not applicable to the BBGP or the other Projects as none contain measured resources or reserves that comply with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”) established by the Joint Ore Reserves Committee, and so a different approach is required for those Projects.

The primary methods used in this Valuation are the Market Approach and the Cost Approach.

The ***Market Approach*** is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market. Methods include comparable transactions and option or farm-in agreement terms analysis.

The ***Cost Approach*** is based on the principle of contribution to value. The method is one commonly used where exploration expenditures are analysed for their contribution to the exploration potential of the Mineral Property.

On the basis of an analysis of 16 comparable transactions for the Exploration Projects and 24 comparable transactions for the BBGP, and a review and analysis of 306 open-file reports of previous exploration within the Projects, the following tabulation has been compiled. The “Preferred” column lists the most preferable value placed on each Project by MA:

Table 1. Summary valuations

Project	Market Approach		Cost Approach	Preferred		
	Low AUD$M	High AUD$M	AUD$M	Low AUD$M	Preferred AUD$M	High AUD$M
North Queensland	$4.1	$6.1	$5.0	$5.0	$5.0	$6.1
New England NSW	$3.2	$15.6	$10.0	$10.0	$10.0	$15.6
Lyell NZ (for 58%)	$1.9	$3.3	$0.6	$1.9	$2.3	$3.3
BBGP WA (for 50%)	$4.6	$52.4	$10.2	$10.2	$37.9	$52.4
Total Value AUD	**$13.8**	**$77.4**	**$25.8**	**$27.1**	**$55.2**	**$77.4**

The Preferred values for the Exploration Projects in Queensland and NSW are based on the Cost Approach, which is in close agreement with central value of the Market Approach.

The Preferred value for the Exploration Project in NZ is based on the Market Approach, which is higher than the Cost Approach due to the recent positive exploration results.

The Preferred values for the BBGP Project are based on the Market Approach but with a minimum based on costs to date.

Since the previous transaction in 2010, some $3,788,145 has been spent on the project, mainly on a program to establish higher category mineral resources. The mineral resource estimate was also updated from a contained 431,700 ounces of Measured, Indicated and Inferred category resources to a contained 1,982,000 ounces of Inferred category resources, an increase of 368% in contained gold. MA notes that the price paid per oz in 2010 was an implied $13.9 which was 1.13% of the gold price. In terms of the price paid per ounce as a percentage of gold price, the transactions reviewed range from 0.33 to 3.73%. The third quartile figure is 2.70% which equates to a price of $38.20 per oz at the average May 2011 gold price.

We believe that a price per oz which equates to the third quartile of our WA transaction database of 2.70% of the gold price i.e. $38.20 /oz, is an appropriate price for the BBGP as it accounts for:

a) The 368% increase in contained gold from acquisition in 2010 to the resource update of 1,982,000 oz.

b) The 16% increase in AUD gold price (36% increase in USD price).

c) The likelihood of a substantial upgrade in the mineral resource base from the current and on-going exploration work, suggesting a selection at the higher end of the range, ie $38.20 per oz.

d) This results in an MA Preferred Valuation for BBGP of $38.20 x 1.982Moz x 50% ownership = $37.9M

The Coolgardie transactions are 2 transactions for a very similar property situation to that at Bullabulling with the Redemption JV at Coolgardie being a former open pit mining operation located within the same geological region as Bullabulling at nearby Coolgardie. The 2 transactions listed above are by the same group for the same property over a short time period (2005 to 2008) and reflect the increase in value from $14.32/oz to $36.44/oz or some 154%. Exploration during this period allowed the conversion of Indicated and Inferred resources to Measured, Indicated and Inferred although the contained ounces only increased 18%. The gold price during this period increased some 93% in Australian dollar terms.

MA notes that the 2011 resource estimation for BBGP currently in progress in intended to convert a portion of the Inferred resource base to Measured and Indicated as planned according to the drilling pattern and as noted from MA's field review. This new situation would be expected to be reflected in a higher value per ounce of the BBGP project. The expected higher value cannot be applied until the new resource estimate is completed.

MA further notes that the BBGP is expected to shortly release the results of a Scoping Study, or Preliminary Economic Assessment (PEA), into the viability of establishing a mining operation at Bullabulling. The release of this study will allow the economics of the operation to be tested and a valuation on this basis, including a Discounted Cash Flow, to be determined. The advancement of a project to this stage could reasonably be expected to reduce risk and add considerable value. For example, Canadian listed Fronteer Gold Inc paid C$272.3M for AuEx Ventures Inc's 49% interest in the Long Canyon project joint venture in November 2010. Long Canyon is an oxide gold deposit located in Nevada, USA containing 772,000 oz Au at a grade of 1.71g/t in Measured and Indicated categories plus 552,000 oz at a grade of 1.65g/t in Inferred category, for a contained total of 1.224 M oz. Fronteer effectively paid C$454/oz (AUD$445/oz) which equates to 31.6% of the November 2010 AUD$ gold price. Fronteer had previously released a PEA in December 2009 based on the projects previous resource estimate of 822,000 contained oz in Indicated and Inferred categories. Although a different geological setting, it can be considered an appropriate comparison due to the similar open pittable resource size located within a historically gold rich mining region. MA cannot suggest that this would also occur for Bullabulling, but it does give an indication of the type of increase possible.

The above valuations do not take into account private or state royalties. MA has found that all mineral projects have associated royalty payments that will impact on the value of each specific project, in particular where a DCF based valuation is used, but the normal range of royalties generally applied does not impact on the Market Approach which is based on Comparable Transactions as this, by definition, includes all comparable factors, including royalties. We would note that is one of the reasons that Comparable Transaction values tend to use a lower gold price per ounce than that used in a DCF based valuation.

Respectful Submitted

David G Jones, *BSc., MSc., FAusIMM, FIMMM, MAIME, MGSA*
Ian Taylor *BSc (Honours Economic Geology), MAIG, MAusIMM*
Andrew J Vigar, *BAppSc, FAusIMM, MSEG*

Qualified Persons under Valmin

Dated at Brisbane, QLD Australia

18th May 2011

2. INTRODUCTION & TERMS OF REFERENCE

2.1 Commissioning Entity

At the request of John Lawton, Managing Director of Auzex and under the direction of Deloitte Corporate Finance Pty Limited (“Deloitte”), Mining Associates Pty Ltd (“MA”) was commissioned in April 2011 to prepare a Valuation of the Auzex tenements in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the "VALMIN Code"). Auzex is an Australian public company duly organized and existing under the laws of Queensland, Australia.

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- A review of recent exploration costs in Australia and NZ, including current prices charged for drilling, sampling, assaying and other exploration work.
- A review of transactions involving comparable properties in Australia and NZ and similar countries over the past 5 years.

MA has not been requested to comment on the Fairness or Reasonableness of any vendor or promoter considerations, and therefore no opinion on these matters has been offered.

2.2 Valuation Mandate & Terms of Reference

Auzex requested MA, an Australian Private Company duly organized and existing under the laws of Australia, to provide an Independent Valuation of the Auzex tenements (“the Valuation”) comprising the following exploration and mining tenements (Table 2 QLD, NSW & New Zealand tenements. & Table 3):

Table 2 QLD, NSW & New Zealand tenements.

Project	Licence Number	Holder/ Applicant	Grant/ Application Date	Expiry Date	Area sq km
Khartoum QLD	EPM 14787	Auzex 100%	13/01/06	12/01/12	245.60
	EPM 15570		23/08/07	22/08/12	6.55
Lynbrook QLD	EPM 14417	Auzex 100%	06/01/05	Renewals lodged	49.10
	EPM 14418		06/01/05		42.51
Kingsgate NSW	EL 6333	Auzex 100%	27/10/04		138.10
Glen Elgin NSW	EL 6408	Auzex 100%	03/05/05	02/05/11	138.90
Lyell NZ (58%)	EP 40732	Auzex (NZ) 100%	18/02/05	17/02/15	18.16

Table 3. Bullabulling Gold Project, WA Tenements								
Auzex 50% and GGG 50%								
Tenement ID	Holder	Status	Grant Date	Expiry Date	Area	Annual Rent	Minimum Expend $	Last reported $ Expend
L15/156	AZX (48) GGG (48)	Granted	17-Jul-91	16-Jul-11	0.01 ha	$14.19	NA	NA
L15/157	AZX (48) GGG (48)	Granted	17-Jul-91	16-Jul-11	0.01 ha	$14.19	NA	NA
L15/158	AZX (48) GGG (48)	Granted	17-Jul-91	16-Jul-11	17 ha	$241.23	NA	NA
L15/196	AZX (50) GGG (50)	Granted	9-May-95	8-May-15	32.2075 ha	$468.27	NA	NA
L15/206	AZX (50) GGG (50)	Granted	19-Nov-96	18-Nov-11	50.49 ha	$723.69	NA	NA
L15/218	AZX (50) GGG (50)	Granted	13-Aug-08	12-Aug-13	257.04 ha	$3,661.02	NA	NA
L15/222	AZX (50) GGG (50)	Granted	25-Sep-09	24-Sep-30	2.46 ha	$42.57	NA	NA
M15/1414	AZX (50) GGG (50)	Granted	25-Oct-02	24-Oct-23	9.6535 ha	$159.50	$10,000	$18,817
M15/282	AZX (48) GGG (48)	Granted	29-Mar-88	28-Mar-30	218.15 ha	$3,493.05	$21,900	$1,440,877
M15/483	AZX (50) GGG (50)	Granted	28-Nov-89	27-Nov-31	133.3 ha	$2,137.30	$13,400	$17,147
M15/503	AZX (48) GGG (48)	Granted	8-Feb-93	7-Feb-14	807.4 ha	$12,887.60	$80,800	$602,591
M15/529	AZX (48) GGG (48)	Granted	3-Aug-90	2-Aug-11	250.75 ha	$4,003.45	$25,100	$30,142
M15/554	AZX (50) GGG (50)	Granted	21-Mar-91	20-Mar-12	601.2 ha	$9,601.90	$60,200	$706,688
P15/4798	AZX (50) GGG (50)	Granted	20-Jul-07	19-Jul-11	196 ha	$452.76	$7,840	$9,552
P15/4799	AZX (50) GGG (50)	Granted	20-Jul-07	19-Jul-11	196 ha	$452.76	$7,840	$9,552
P15/4887	AZX (50) GGG (50)	Granted	12-Mar-08	11-Mar-12	191 ha	$441.21	$7,640	$31,524
P15/5186	AZX (48) GGG (48)	Granted	1-Apr-10	31-Mar-14	165.5 ha	$383.46	$6,640	Year 1 of Term
P15/5187	AZX (48) GGG (48)	Granted	1-Apr-10	31-Mar-14	190 ha	$438.90	$7,600	Year 1 of Term
P15/5188	AZX (48) GGG (48)	Granted	16-Jun-10	15-Jun-14	179.5 ha	$415.80	$7,200	Year 1 of Term
P15/5354	AZX (50) GGG (50)	Granted	12-Apr-10	11-Apr-14	9.6 ha	$23.10	$2,000	Year 1 of Term
P15/5355	AZX (50) GGG (50)	Granted	12-Apr-10	11-Apr-14	10 ha	$23.10	$2,000	Year 1 of Term
P15/5356	AZX (50) GGG (50)	Granted	29-Sep-10	28-Sep-14	189 ha	$436.59	$7,560	Year 1 of Term
P15/5357	AZX (50) GGG (50)	Granted	29-Sep-10	28-Sep-14	103 ha	$237.93	$4,120	Year 1 of Term
P15/5358	AZX (50) GGG (50)	Granted	29-Sep-10	28-Sep-14	103 ha	$237.93	$4,120	Year 1 of Term
P15/5381	AZX (50) GGG (50)	Granted	8-Apr-10	7-Apr-14	154 ha	$355.74	$6,160	Year 1 of Term
P15/5382	AZX (50) GGG (50)	Granted	14-Apr-10	13-Apr-14	91.1912 ha	$212.52	$3,680	Year 1 of Term
P15/5383	AZX (50) GGG (50)	Granted	14-Apr-10	13-Apr-14	198 ha	$457.38	$7,920	Year 1 of Term
P15/5384	AZX (50) GGG (50)	Granted	13-Apr-10	12-Apr-14	158.5985 ha	$367.92	$6,360	Year 1 of Term
P15/5385	AZX (50) GGG (50)	Granted	13-Apr-10	12-Apr-14	116.9405 ha	$270.27	$4,680	Year 1 of Term
P15/5386	AZX (50)	Granted	13-Apr-10	12-Apr-14	188.0058 ha	$436.59	$7,560	Year 1

Table 3. Bullabulling Gold Project, WA Tenements								
Auzex 50% and GGG 50%								
Tenement ID	Holder	Status	Grant Date	Expiry Date	Area	Annual Rent	Minimum Expend $	Last reported $ Expend
	GGG (50)							of Term
P15/5387	AZX (50) GGG (50)	Granted	13-Apr-10	12-Apr-14	140.9125 ha	$325.71	$5,640	Year 1 of Term
P15/5388	AZX (50) GGG (50)	Granted	13-Apr-10	12-Apr-14	48 ha	$110.88	$2,000	Year 1 of Term
P15/5512	AZX (100)	Granted	16-Nov-10	15-Nov-14	200 ha	$462.00	$8,000	Year 1 of Term
P15/5513	AZX (100)	Granted	16-Nov-10	15-Nov-14	187 ha	$431.97	$7,480	Year 1 of Term
P15/5514	AZX (100)	Granted	16-Nov-10	15-Nov-14	199 ha	$459.69	$7,960	Year 1 of Term
P15/5515	AZX (100)	Granted	16-Nov-10	15-Nov-14	197 ha	$455.07	$7,880	Year 1 of Term
P15/5516	AZX (100)	Granted	16-Nov-10	15-Nov-14	198 ha	$457.38	$7,920	Year 1 of Term
All Tenements					5988.92 ha	$45.794.62	$359,200	
Source: MTO 2011,HEMTS 2010								

Table 4. BBGP Tenement Applications						
APPLICATION	**APPLICANT**	**STATUS**	**APPLICATION DATE**	**AREA**	**EXPECTED RENT UPON GRANT**	**PROPOSED COMMITMENT**
P15/5533	AZX (100)	Application	1-Apr-10	150 ha	$346.50	$6,000
P15/5535	AZX (100)	Application	23-Apr-10	7.2897 ha	$16.84	$2,000
P15/5538	AZX (100)	Application	12-May-10	160 ha	$369.60	$6,400
P15/5539	AZX (100)	Application	12-May-10	190 ha	$438.90	$7,600
P15/5540	AZX (100)	Application	12-May-10	92 ha	$212.52	$3,680
P15/5541	AZX (100)	Application	12-May-10	165 ha	$2,631.75	$6,600
E15/1263	AZX (48) GGG (48)	Application	18-Oct-10	18 ha	$1,981.80	$20,000
E15/1264	AZX (48) GGG (48)	Application	29-Oct-10	8 ha	$818.8	$20,000
M15/1798 *	JERVOIS (100)	Application	23-Apr-10	47 ha	$749.65	$10,000
P15/5567 *	AZX (100)	Application	25-Nov-10	47 ha	$108.57	$2,000

Auzex notified MA that complete, accurate and true disclosure has been made of all material data and information relevant to the Valuation and that MA has reasonable access to all relevant Auzex records and personnel to enable a proper Valuation to be made.

Auzex indemnified MA and the Qualified Valuator, David Jones, against any liability arising from their reliance on information provided by Auzex that is materially inaccurate or incomplete; and relating to any consequential extension of workload through queries, questions or public hearings arising from the Independent Valuation.

2.3 Purpose of the Valuation & Its Intended Use

This technical expert's report is being prepared for the purpose of assisting Auzex shareholders in consideration of the Takeover Offer from GGG and it is to be included as an appendix to the independent expert's report.

2.4 Valuation Date

All time-sensitive data used in this Valuation, including metal prices, exchange rates, cost-of-living indices etc. were taken as at 5pm Sydney time on Friday 15th April 2011. Accordingly, this valuation is valid as of 15th April 2011 and refers to the writer's opinion of the value of the Projects at this date.

This valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the properties concerned or by other explorers on prospects in the near environs. The valuation could also be affected by the consideration of other exploration data, not in the public domain, affecting the properties which have not been made available to the author.

2.5 Qualified Valuator & Qualified Person

This Valuation was prepared by Mr David Jones, Mr Ian Taylor and Mr Andrew Vigar. Mr Jones, Mr Taylor and Mr Vigar have no direct or indirect interest in the properties which are the subject of this Valuation, nor does he hold, directly or indirectly, any shares in Auzex or any associated company, or any direct interest in any mineral tenements in Australia or NZ

The technical review and valuation of the Exploration Projects other than the BBGP was conducted by Mr David Jones. Mr Jones has sufficient experience which is relevant to the style of mineralisation and deposits under consideration and to their valuation to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (Australia) and is a Qualified Valuator as defined in NI43-101. Mr Jones was elected a Fellow of The Australasian Institute of Mining and Metallurgy in 1973 having joined initially as a Student Member in 1963. Mr Jones is an independent consultant employed by Vidoro Pty Ltd based in Sydney, Australia.

The technical review and site visit of the BBGP was conducted by Mr Ian Taylor. Mr Taylor has sufficient experience which is relevant to the Western Australian gold style of mineralization and deposits under consideration and to their valuation to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (Australia). Mr Taylor is a Member of Australian Institute of Geoscientists. Mr Taylor is employed by Mining Associates Pty Ltd of Brisbane, Australia.

The technical review and valuation of the BBGP was conducted by Mr Andrew Vigar. Mr Vigar has sufficient experience which is relevant to the Western Australian gold style of mineralization and deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (Australia) and is a Qualified Person as defined in NI43-101 (Canada). He is a Fellow of The Australasian Institute of Mining and Metallurgy (Melbourne) and a Member of the Society of Economic Geologists (Denver). Mr Vigar is employed by Mining Associates Pty Ltd of Brisbane, Australia.

2.7 Definition of Valuation Type

The three generally accepted Valuation approaches under VALMIN are:

- Income Approach.
- Market Approach.
- Cost Approach.

The *Income Approach* is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property. This method provides an indication of the value of a property with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project. Alternatively a value can be assigned on a royalty basis commensurate with the in situ contained metal value. The BBGP does contain a mineral reserve that meets the standards of the JORC Code so the Income Approach is appropriate for this project.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market. Methods include comparable transactions and option or farm-in agreement terms analysis. The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the property. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots properties are involved.

The *Cost Approach* is based on the principle of contribution to value. The appraised value method is one commonly used method where exploration expenditures are analysed for their contribution to the exploration potential of the Mineral Property. The multiple of exploration expenditure method ('MEE') is used whereby a subjective factor (also called the prospectivity enhancement multiplier or 'PEM') is based on previous expenditure on a tenement with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database. MEE factors can typically range from 0 to 3.0 and occasionally up to 5.0 applied to previous exploration expenditure to derive a dollar value.

MA has adopted the Market Approach and the Cost Approach as the principal bases for the exploration properties included in this Valuation.

The valuation methodology of mineral properties is exceptionally subjective. If an economic reserve or resource is subsequently identified then this valuation will be dramatically low relative to any later valuations, or alternatively if further exploration is unsuccessful it is likely to decrease the value of the tenements.

The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arms-length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the provisions of VALMIN.

There are a number of generally accepted procedures for establishing the value of mineral properties with the method employed depending upon the circumstances of the property. When relevant, MA uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified.

The readers should therefore form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved.

Other methods that are acceptable in some jurisdictions include:

Ratings System of Prospectivity

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the tenement that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the property. The factors are then applied serially to the BAC of each tenement in order to derive a value for the property. The factors used are: off-property attributes, on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

Empirical Methods

The market value determinations may be made according to the independent expert's knowledge of the particular property. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration property based on current market prices for equivalent properties, existing or previous joint venture and sale agreements, the geological potential of the properties, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach.

Both of the methods described above are inherently subjective according to technical considerations and the informed opinion of the valuer. Because they are subjective, MA prefers not to use them.

2.8 Other Definitions Used in the Report

Commissioning Entity means the organization, company or person commissioning a Valuation.

Competence or ***Competent*** means having relevant qualifications and relevant experience.

Current means current with respect to, and relative to, the Valuation Date.

Data Verification means the process of confirming that data has been generated with appropriate procedures, has been accurately transcribed from the original source and is suitable to be used.

Development Property means a Mineral Property that is being prepared for mineral production and for which economic viability has been demonstrated by a Feasibility Study or Prefeasibility Study and includes a Mineral Property which has a Current positive Feasibility Study or Prefeasibility Study but which is not yet financed or under construction.

Exploration Property means a Mineral Property that has been acquired, or is being explored, for mineral deposits but for which economic viability has not been demonstrated.

Fair Market Value means the highest price, expressed in terms of money or money's worth, obtainable in an open and unrestricted market between knowledgeable, informed and prudent parties, acting at arm's length, neither party being under any compulsion to transact.

Feasibility Study means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

Guideline means a best practices recommendation, which, while not mandatory in the Valuation of Mineral Properties, is highly recommended.

Independence or ***Independent*** means that, other than professional fees and disbursements received or to be received in connection with the Valuation concerned, the Qualified Valuator or Qualified Person (as the case requires) has no pecuniary or beneficial (present or contingent) interest in any of the Mineral Properties being valued, nor has any association with the Commissioning Entity or any holder(s) of any rights in Mineral Properties which are the subject of the Valuation, which is likely to create an apprehension of bias. The concepts of "Independence" and "Independent" are questions of fact. For example, where a Qualified Valuator's fees depend in whole or in part on an understanding or arrangement that an incentive will be paid based on a certain value being obtained, such Qualified Valuator is not Independent.

Materiality and ***Material*** refer to data or information which contribute to the determination of the Mineral Property value, such that the inclusion or omission of such data or information might result in the reader of a Valuation Report coming to a substantially different conclusion as to the value of the Mineral Property. Material data and information are those which would reasonably be required to make an informed assessment of the value of the subject Mineral Property.

Mineral Property means any right, title or interest to property held or acquired in connection with the exploration, development, extraction or processing of minerals which may be located on or under the surface of such property, together with all fixed plant, equipment, and infrastructure owned or acquired for the exploration, development, extraction and processing of minerals in connection with such properties. Such properties shall include, but not be limited to, real property, unpatented mining claims, prospecting permits, prospecting licenses, reconnaissance permits, reconnaissance licenses, exploration permits, exploration licenses, development permits, development licenses, mining licenses, mining leases, leasehold patents, crown grants, licenses of occupation, patented mining claims, and royalty interests

Mineral Reserves and Mineral Resources*.* The terms Mineral Reserve, Proven Mineral Reserve, Probable Mineral Reserve, Mineral Resource, Measured Mineral Resource, Indicated Mineral Resource, and Inferred Mineral Resource and their usage have the meaning ascribed by the JORC Code (2004).

Mineral Resource Property means a Mineral Property which contains a Mineral Resource that has not been demonstrated to be economically viable by a Feasibility Study or Prefeasibility Study. Mineral Resource Properties may include past producing mines, mines temporarily closed or on care-and-maintenance status, advanced exploration properties, projects with Prefeasibility or Feasibility Studies in progress, and properties with Mineral Resources which need improved circumstances to be economically viable.

Prefeasibility Study and ***Preliminary Feasibility Study*** mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the assessment of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve. A Prefeasibility Study is at a lower confidence level than a Feasibility Study.

Preliminary Assessment means a preliminary economic study by a Qualified Person that includes Inferred Mineral Resources. The Preliminary Assessment must include a statement that the Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, outlines the basis for the Preliminary Assessment and any qualifications and assumptions made, and specifies that there is no certainty that the Preliminary Assessment will be realized.

Production Property is a Mineral Property with an operating mine, with or without processing plant, which has been fully commissioned and is in production.

Professional Association is a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that (a) has been given authority or recognition by law; (b) admits members primarily on the basis of their academic qualifications and experience; (c) requires compliance with the professional standards of competence and the code of ethics established by the organization; and (d) has disciplinary powers, including the power to suspend or expel a member.

Qualified Person is an individual who (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operations or mineral project assessment, or any combination of these; (b) has experience relevant to the subject matter of the mineral project and the Technical Report; and (c) is a member in good standing of a Professional Association

Qualified Valuator is an individual who (a) is a professional with demonstrated extensive experience in the Valuation of Mineral Properties, (b) has experience relevant to the subject Mineral Property or has relied on a Current Technical Report on the subject Mineral Property by a Qualified Person, and (c) is regulated by or is a member in good standing of a Professional Association or a Self-Regulatory Professional Organization.

Reasonableness, in reference to the Valuation of a Mineral Property, means that other appropriately qualified and experienced valuators with access to the same information would value the property at approximately the same range. A Reasonableness test serves to identify Valuations which may be out of step with industry standards and industry norms. It is not sufficient for a Qualified Valuator to determine that he or she personally believes the value determined is appropriate without satisfying an objective standard of proof.

Report Date means the date upon which the Valuation Report is signed and dated.

Self-Regulatory Professional Organization means a self-regulatory organization of professionals that (a) admits members or registers employees of members primarily on the basis of their educational qualifications, knowledge and experience; (b) requires compliance with the professional standards of competence and code of ethics established by the organization; and (c) has disciplinary powers, including the power to suspend or expel a member or an employee of the member.

Standard means a general rule which is mandatory in the Valuation of Mineral Properties.

Technical Report means a report prepared, filed and certified in accordance with NI 43-101 and Form 43-101F1 Technical Report.

Transparency and ***Transparent*** means that the Material data and information used in (or excluded from) the Valuation of a Mineral Property, the assumptions, the Valuation approaches and methods, and the Valuation itself must be set out clearly in the Valuation Report, along with the rationale for the choices and conclusions of the Qualified Valuator.

Valuation is the process of estimating or determining the value of a Mineral Property.

Valuation Date means the effective date of the Valuation, which may be different from the Report Date or from the cut-off date for the data used in the Valuation.

Valuation Report means a report prepared in accordance with the CIMVal Standards and Guidelines.

3. SCOPE OF THE VALUATION

3.1 Scope

The scope of work has been controlled by the Independent Expert, Deloitte Corporate Finance Pty Limited. The scope of the inquiries and of the Valuation included the following:

- An analysis of all drilling, sampling, assaying, geological, geophysical and other exploration work conducted on the projects to date.
- A review of recent exploration costs, including current prices charged for drilling, sampling, assaying and other exploration work.
- A review of transactions involving comparable properties and similar countries over the past 5 years.

MA has not been requested to comment on the Fairness or Reasonableness of any vendor or promoter considerations, and therefore no opinion on these matters has been offered.

3.2 Information Used

The following descriptions of the mineral tenements are compiled principally from open file and historic company internal reports, as well as data reviewed and personal observations made during the site visits by Mr David Jones and Mr Ian Taylor. Many of the illustrations are reproduced or modified from various previous reports.

This report is based on historical technical data provided by Auzex to MA. Auzex provided open access to all available records, in the opinion of MA, to enable a proper assessment of the tenements. Readers of this report must appreciate that there is an inherent risk of error in the acquisition, processing and interpretation of geological and geophysical data, and MA takes no responsibility for such errors.

Mr Jones made a site visit to the Auzex New England projects in 2005 as part of the compilation of the original Auzex prospectus. He also made a number of visits to the Lynbrook area, in which the Auzex North QLD projects are situated, for other clients in 2006 and 2007. Mr Jones made a field inspection of the Lyell project in NZ during the current drilling of that property on 28 April 2011. The data as supplied during and after the site visits is listed in the references. These data have been supplemented by public domain data searches and copies of reports obtained from various sources.

3.3 Reliability of Information

It should be noted that most of the projects have a long history and there have been many ownership transfers. While all reasonable efforts have been made to source historical reports, not all historical data could be found, particularly for work undertaken prior to the 1970’s. A significant effort to locate historical documents has been undertaken by MA and although comprehensive data has been assembled it is not complete. Nevertheless it is considered that the information identified and reviewed provides a fair and reasonable representation of the material issues relevant to assessing this project as an advanced exploration and potential resource project. Auzex has warranted in writing to MA that full disclosure has been made of all material information and that, to the best of Auzex’s knowledge and understanding, such information is complete, accurate and true.

3.4 Data Verification

The references at the end of this report lists the sources consulted. This material was used to expand on the information provided by Auzex and, where appropriate, confirm or provide alternative assumptions to those made by Auzex.

Four weeks was spent on data collection and analysis, site visit and preparation of this Valuation.

3.5 Field Visit by Qualified Person

The field inspection of the Lyell Project was conducted by Mr David Jones on 28 April 2011 and this included examination of drill core, including mineralised intervals of the deposit, site inspection of the outcropping mineralisation, and a meeting with the key personnel.

The field inspection of the BBGP was conducted by Mr Ian Taylor on 12 and 13 April 2011 where he viewed the geological setting, witnessed the current BBGP drilling, visited the drill sites and prospect locations and viewed available drill core.

3.6 Confidentiality

The sources of data pertaining to current exploration costs, including current quotations for drilling, airborne geophysical, and staff (including geologist) salaries, have been kept confidential by MA at the request of the contractors who supplied the quotations, as the information is commercial-in-confidence.

3.7 Disclaimers

Geological information usually consists of a series of small points of data on a large blank canvas. The true nature of any body of mineralization is never known until the last tonne of ore has been mined out, by which time exploration has long since ceased. Exploration information relies on interpretation of a relatively small statistical sample of the deposit being studied; thus a variety of interpretations may be possible from the fragmentary data available. Investors should note that the statements and diagrams in this report are based on the best information available at the time, but may not necessarily be absolutely correct. Such statements and diagrams are subject to change or refinement as new exploration makes new data available, or new research alters prevailing geological concepts. Appraisal of all the information mentioned above forms the basis for this report. The views and conclusions expressed are solely those of MA. When conclusions and interpretations credited specifically to other parties are discussed within the report, then these are not necessarily the views of MA.

The opinions expressed in this report have been based on information supplied to MA by Auzex, its associates and their staff, as well as various State government agencies. MA has exercised all due care in reviewing the supplied information, including a site visit by Mr David Jones and an extensive review of the Auzex data. Although MA has compared key supplied data with expected values with other similar deposits, the accuracy of the results and conclusions from this review are reliant on the accuracy of the supplied data. MA has relied on this information and has no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional material information. MA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

The authors have not relied on reports, opinions or statements of legal or other experts who are not Qualified Persons for information concerning legal, environmental, political or other issues and factors relevant to this report.

4. COMPLIANCE WITH THE VALMIN CODE

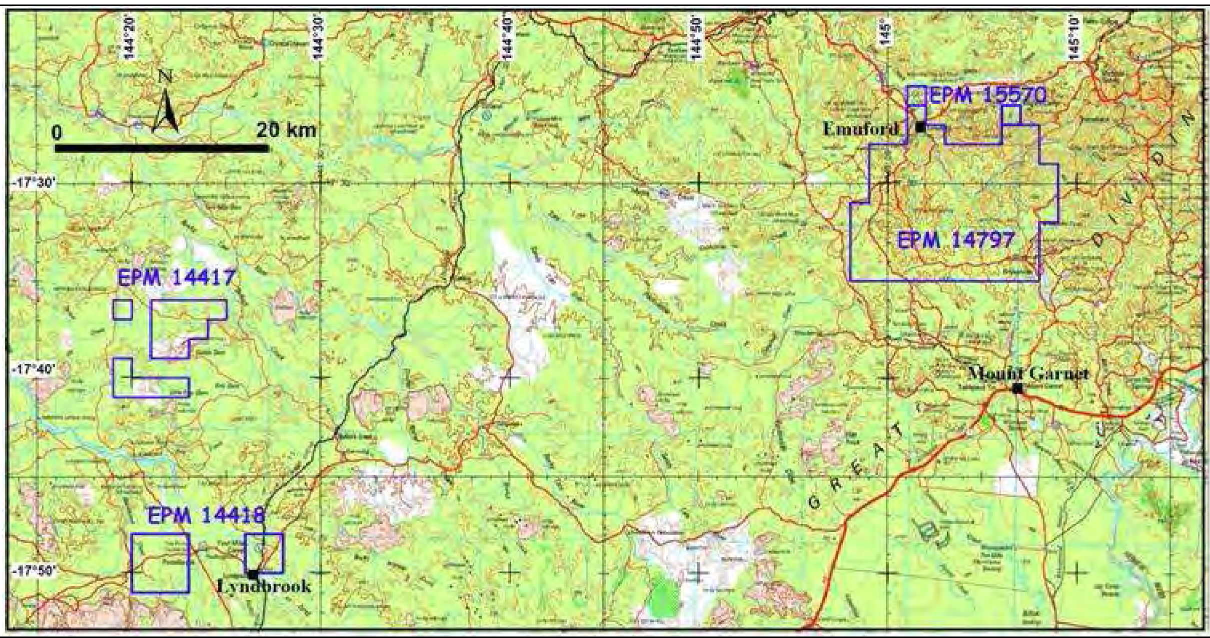
This Valuation complies with the VALMIN Code (2005 Edition) in its entirety. The authors have taken due note of Regulatory Guide ("RG") 111 "Content of Expert Reports" (Oct 2007 & March 2011) and RG 112 "Independence of Experts" (Mar 2011 update) promulgated by the Australian Securities and Investments Commission ("ASIC") and this report meets the guidelines set out in RG 111 and RG 112.

5. PROPERTY LOCATION, ACCESS & INFRASTRUCTURE

5.1 Location, Access and Physiography

5.1.1 North Queensland Projects

The North Queensland Projects comprise EPM 14797 “Khartoum”, EPM 15570 “Khartoum North”, EPM 14417 “Eight Mile” and EPM 14418 “Fossilbrook” centred between 100 km and 180 km SW of Cairns (Figure 1).



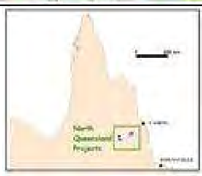


Figure 1. Local access, infrastructure and physiography, North Queensland projects.
Figure compiled by D G Jones

The North Queensland projects are well located near major sealed highways and numerous secondary roads. These connect the tenements to the city of Cairns (population 164,000 in July 2009) and the city of Townsville (population 182,000 in July 2009). Both cities are serviced by international airports, the main road and rail system in Queensland, and thriving ports.

5.1.2 New England Projects

The New England projects comprise the EL 6333 “Kingsgate” and EL 6408 “Glen Elgin” located 25 km east and 40 km NE respectively from Glen Innes (population 6,000 in the 2006 census). The tenements lie on the dissected eastern edge of the New England Plateau, which all lies about 1,000m above sea level (Figure 2).

The topography varies from minor areas of undulating agricultural land to extensive areas of heavily timbered mountainous terrain, frequently dissected by spectacular gorges. Access is provided by numerous fire trails and farm tracks.

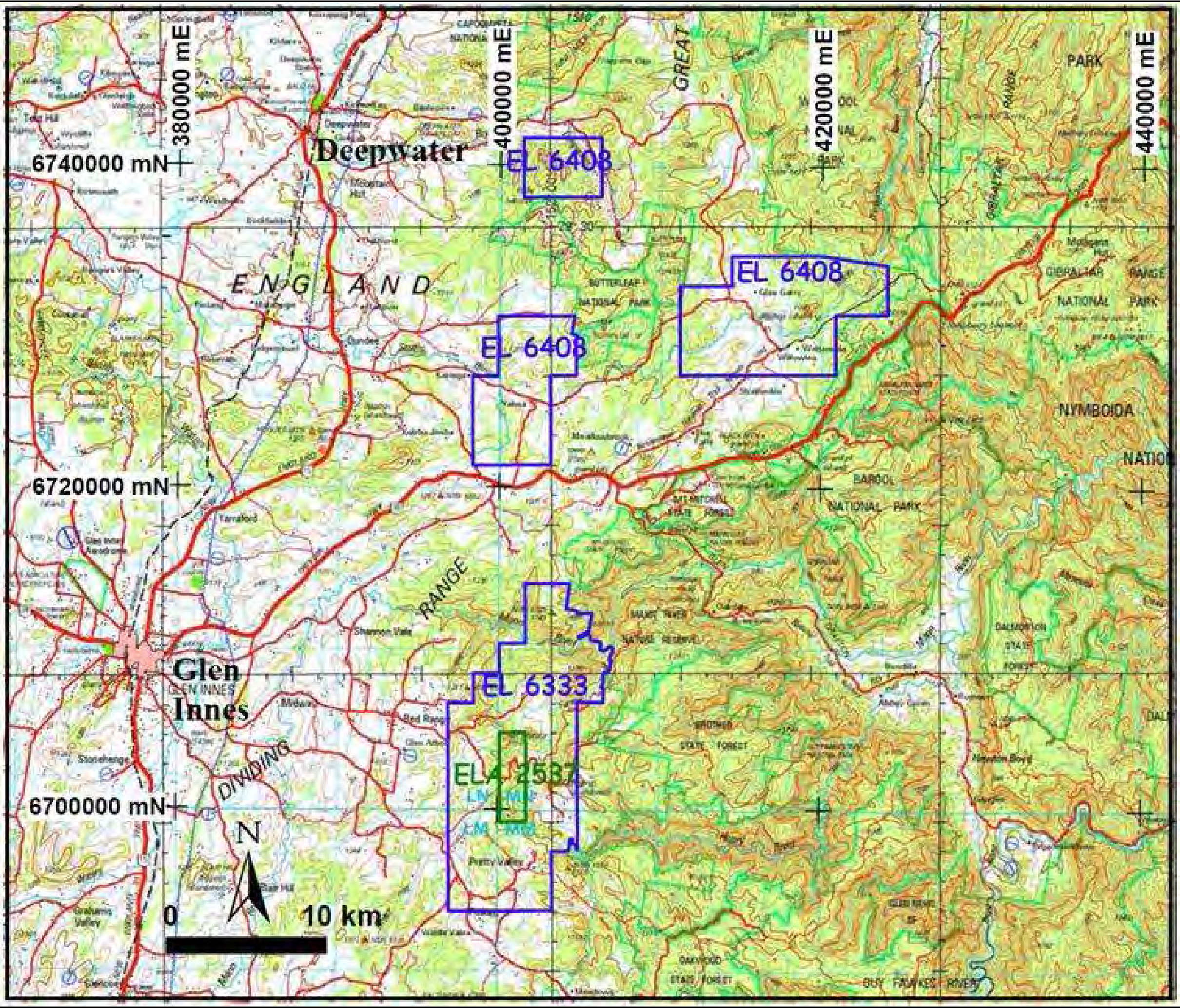


Figure 2. Local access, infrastructure and physiography, New England projects.
Figure compiled by D G Jones

5.1.3 New Zealand Project

Exploration in New Zealand is subject to a Joint Venture with local company New Zealand Minerals Ltd which currently holds approximately 42% interest in all Auzex NZ properties.

The Lyell EP 40732 is located in the Buller District of the West Coast of the South Island of NZ approximately 40 km east of the town of Westport (Figure 3). The permit incorporates parts of the Lyell and Glasgow Ranges to the north of the Buller River. The southern part of the tenement can be accessed by foot via a 3 km walkway from State Highway 6 that links the city of Nelson to the West

Coast beginning at the site of the old Lyell township site. In general fieldwork has been helicopter supported with temporary fly camps at various locations.

The Lyell Goldfield area is located on the flanks of the southern end of the Lyell Range generally at moderate altitudes between 400 and 800m above sea level. The landscape is generally steep and in places is incised by deep creeks or broken by washouts and slips. Older slips are likely to have been caused by the Murchison (1929) and Inangahua (1968) earthquakes.

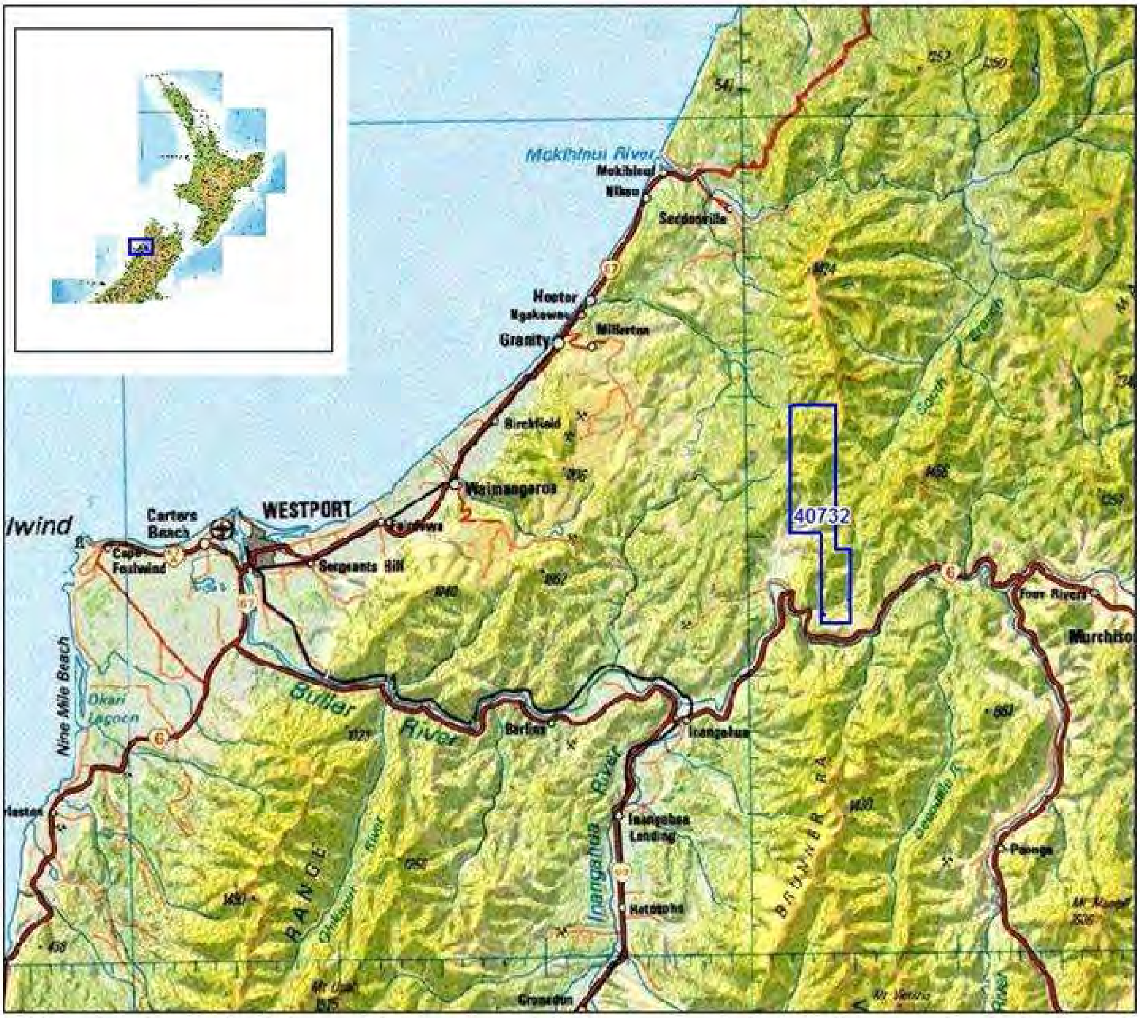


Figure 3. Local access, infrastructure and physiography, Lyell project NZ.
Figure supplied by Auzex

5.1.3 Bullabulling Gold Project ("BBGP")

The BBGP is located in WA, 25 km west of Coolgardie and some 70 km south west of Kalgoorlie, a major mining centre in the Eastern Goldfields region.

The BBGP covers 6,100 hectares and straddles the Great Eastern Highway. Access to the project areas is via the sealed Great Eastern Highway (Figure 4).

The project area is mainly covered by soil, transported colluvium, laterite and saprolite, with outcrop of unweathered lithologies less than 5%, including open pits and trenches. The Coolgardie Region Granite strata of Yilgarn Craton characterises the region with Archaean Greenstone intrusions in parallel belts. Drainage is arheic and occluded. Mallees and scrubs are found on sandplains associated with lateritised uplands, playas and granite outcrops. Diverse woodlands rich are in endemic eucalypts, on low greenstone hills, valley alluvials and broad plains of calcareous earths. In the west of the region, the scrubs are rich in endemic Proteaceae, in the east they are rich in endemic acacias.

Figure 4: BBGP Location Map

6. HISTORY OF EXPLORATION & PRODUCTION

6.1 Discovery & Previous Exploration

6.1.1 North QLD

Alluvial cassiterite was first discovered in the Herbert River in 1879 and the tenement area was subject to historical mining for gold, tin and other metals until prices reduced after World War 1 when only intermittent mining continued in the Herberton tin field. Total recorded production of cassiterite concentrate from 1879-1957 was 96,411 tonnes at 70% Sn.

1937-1938

The Aerial Geological and Geophysical Survey of North Australia ("AGGSNA"): reconnaissance geological mapping of the Herberton and Watsonville districts.

1957-1959 EPM 107

New Consolidated Goldfields (A'asia) Pty Ltd ("Goldfields"): reconnaissance geological mapping of 36,000 sq km of north Qld. Focus shifted to Herberton tin field and compilation of mine data, and then the Cooktown tin field. Ten large-diameter bores (total 60m) tested the alluvial potential of some river flats.

1959-1960 EPM 150 (2,331 sq km)

Rio Tinto Australia Exploration Pty Ltd ("Rio"): spent $9,037 reconnaissance geological mapping of 2331 sq km of Chillagoe tin field. About 8% of the work was done within the boundaries of current EPMs 14417, 14418, 14797 and 15570.

1960-1966 EPM 164 (579.7 sq km)

Alluvial Gold Limited ("Alluvial"): spent $178,440 drilling 334 holes (3316m) in Nettle Creek. About one third of the project area falls within the boundaries of current EPM 14797.

1961-1969 EPM 182 (700.3 sq km)

Tableland Tin Dredging NL: spent $550,000 on boring 2,000 holes (15,240m) in Return Creek, and bulk sampling for metallurgical testing. Less than 10% of the area worked falls within EPM 14797

1962-1964 EPM 185 (386.3 sq km)

BHP Limited ("BHP"): spent $60,406 sinking pits to test for tin in Black's, Return and Smith's Creeks. One third of the work area was within the present boundaries of EPM 14797.

1963

United Exploration Pty Ltd ("United"): bulk sampling to test for tin in Emu and Glen Creeks.

1963-1964 EPM 189 (111.4 sq km)

Carpentaria Exploration Pty Ltd ("CEC"): spent $27,590 compiling data and drilling the Montalban prospect.

1964-1965 EPM 253 (32.7 sq km)

Mineral Search Syndicate: spent $13,239 on scout boring (35 holes for 250m) and costeaning for alluvial tin. About 50% of the work was carried out within the boundary of current EPM 14797.

1966-1969 EPM 319 (225.9 sq km)

Alluvial: spent $258,737 drilling 600 holes (11591m) and sinking 186m of pits in Nettle Creek and its tributaries. About 20% of the project area falls within the boundaries of current EPM 14797.

1969-1970 EPM 692 (2,763 sq km)

ICIANZ Limited ("ICI"): spent $246,409 testing for tin in the Chillagoe tin field and molybdenite at Khartum. About 10% of the work was done within the boundaries of current EPMs 14417, 14418, 14797 and 15570.

1970 EPM 944 (72.0 sq km)

Dampier Mining Company Limited ("BHP"): spent $30,000 on geological mapping and prospecting for fluorspar. About 35% of the work was done within the boundaries of current EPM 14417.

1972-73 EPM 1038 (29.5 sq km)

Carpentaria Exploration Company Pty Ltd ("CEC"): spent $20,000 on geological mapping, stream sediment and soil sampling, IP geophysics and costeaning. Three diamond core holes (352m) were drilled at Khartum. About 35% of the work was done within the boundaries of current EPM 14417.

1972-1973 EPM 1020 (261.9 sq km)

Samedan of Australia ("Samedan"): explored the Claret Creek Ring Complex for base metals. About 10% of the project area falls within the boundaries of current EPM 14797.

1976-1977 EPM 1609 (261.9 sq km)

Renison Limited ("Renison"): reconnaissance testing for skarn and pipe tin mineralisation at the Gilmore and Smith's Creek mines. The Gilmore East area falls within the boundaries of current EPM 14797.

1978-1981 EPM 1888 (327.4 sq km)

Houston Oil and Minerals Australia Inc ("Houston"): spent $406,380 on gridding, geochemical sampling, ground geophysics and diamond core drilling (18 holes for 2587m cost $191,628) while exploring the Claret Creek Ring Complex for base metals. About 10% of the work was carried out within the boundary of current EPM 14797.

1979-1981 EPM 2105 (163.6 sq km)

Lamorna Mines Pty Ltd: spent $25,790 on reconnaissance and back-hoe test pitting for tin. About 10% of the work was done within the boundaries of current EPM 14417.

1979-1983 EPM 2155 (261.9 sq km)

CEC/AOG JV: spent $292,457 on stream sediment sampling (800 samples), soil sampling (180 samples) rock chip sampling (70 samples), petrology (47 samples) IP and ground magnetics geophysics and trenching for tin. Drilling included RAB (78 holes for 1048m), RC (39 holes for 3117m) and diamond core drilling (7 holes for 1099m). About 20% of the work was done within the boundaries of current EPM 14417.

1979-1983 EPM 3624 (193.0 sq km)

Anmekla Pty Ltd: prospecting, costeaning and pit sampling for tin. About 10% of the work was done within the boundaries of current EPMs 14417 and 14418.

1984-1985 EPM 3727 (327.4 sq km)

AOG Minerals Limited ("AOG"): spent $74.943 exploring the Claret Creek Ring Complex for base metals. About 10% of the work was carried out within the boundary of current EPM 14797.

1984-1985 EPM 3686 (255.3 sq km)

Esso Australia Ltd (“Esso”): spent $216,657 on geological mapping, regional stream sediment sampling, IP geophysics and RC drilling (13 holes for 1,269m). About 5% of the work was done within the boundaries of current EPMs 14417 and 14418.

1984-1987 EPM 3973 (4,971 sq km)

CRA Exploration Pty Ltd (“CRA”): bulk sampling for diamonds (228 samples). Then explored for base metals and gold using stream sediment (38 samples) and soil geochemistry, rock chip sampling (81 samples), gridding (525 km), ground magnetics (52.5 km) and RC drilling (5 holes for 532m). About 0.5% of the work was done within the boundaries of current EPMs 14417 and 14418.

1986 EPM 4336 (327.3 sq km)

Homestake Gold Ltd (“Homestake”): spent $24,035 on BLEG (89 samples). About 15% of the work was done within the boundaries of current EPMs 14417 and 14418.

1986-1987 EPM 4289 (131.0 sq km)

Ravenshoe Tin Dredging Ltd ("Ravenshoe"): explored the Claret Creek Ring Complex for base metals. About 20% of the work was carried out within the boundary of current EPM 14797.

1986-1987 EPM 4927 (232.5 sq km)

Western Mining Corporation Ltd ("WMC"): spent $12,957 exploring the Claret Creek Ring Complex for base metals. About 20% of the work was carried out within the boundary of current EPM 14797.

1986-1992 EPM 4030 (327.3 sq km)

AOG/Elders Resources: spent $567,355 on airborne geophysics, stream sediment (samples) and soil geochemistry, rock chip sampling (samples), gridding (km), ground magnetics (km), air track drilling (63 holes for 1805m), RC drilling (48 holes for 3042m cost $89,023) and diamond core drill (9 holes for 649m). About 15% of the work was done within the boundaries of current EPMs 14417 and 14418.

1987-1989 EPM 5274 (301.2 sq km)

Western Mining Corporation Ltd ("WMC"): spent $115,297 on regional stream sediment sampling (336 samples) exploring for breccia associated gold mineralisation. About 10% of the work was carried out within the boundary of current EPM 14797.

1991-1992 EPM 7871 (81.9 sq km)

S Moroney: rock chip, stream and soil sampling. About 40% of the work was carried out within the boundary of current EPM 14797.

1992-1994 EPM 8994 (19.6 sq km)

Auralia Resources NL ("Auralia"): geological mapping and stream sediment sampling (9 samples).

1992-1997 EPM 8982 (190.0 sq km)

Dominion Mining Limited ("Dominion"): rock chip (174 samples), BLEG stream (82 samples) and soil sampling, percussion and diamond drilling. About 30% of the work was carried out within the boundary of current EPM 14797.

1992-1996 EPM 8998 (320.8 sq km)

Poseidon Gold Limited ("Poseidon"): drainage sampling (147 samples), rock chip sampling (25 samples), RC drilling (20 holes for 1525m), airborne geophysics. About 25% of the work was carried out within the boundary of current EPM 14797.

1992-1999 EPM 8812

Centamin Egypt Limited: BLEG stream sediment and rock chip sampling. About 10% of the work was done within the boundaries of current EPM 14418.

1993-1994 EPM 9437 (111.4 sq km)

Cyprus Gold Corporation ("Cyprus"): spent $300,000 on rock chip, BLEG stream and dump sampling.

1993-1994 EPM 9774 (490.5 sq km)

CRA: reconnaissance for bulk-tonnage copper-gold deposits, including BLEG stream sediment (16 samples), soil (257 samples) and rock chip (171 samples) sampling and ground magnetics (37 line km). About 10% of the work was done within the boundaries of current EPM 14418.

1995 EPM 10280 (189.8 sq km)

BHP: BLEG stream sediment (36 samples), soil and rock chip sampling and ground magnetics. About 25% of the work was done within the boundaries of current EPM 14418.

1995-2000 EPM 10453 (288.2 sq km)

GTN Resources Limited ("GTN"): spent $19,300 on data compilation. About 30% of the work was carried out within the boundary of current EPM 14797.

1996-2001 EPM 11138 (324.1 sq km)

Capricorn Dolomite Pty Ltd: BLEG (45 samples) and rock chip (34 samples) sampling. About 2% of the work was done within the boundaries of current EPM 14418.

1996-2005 EPM 8998 (100.0 sq km)

Diatreme Resources Limited ("Diatreme"): ground magnetics, RC drilling (6 holes for 941.5m). The holes were collared outside the boundary of current EPM 14797.

1998-2000 EPM 10804 (68.8 sq km)

GTN Resources Limited ("GTN"): spent $14,700 on rock chip, BLEG stream and dump sampling. About 60% of the work was carried out within the boundary of current EPM 14797.

2005 EPMs 14417 and 14418 (49.1 sq km and 42.5 sq km)

Auzex Resources Ltd ("Auzex"): spent $ on data compilation, mapping, stream sediment (147 samples), rock chip (596 samples) and soil (2762 samples) sampling.

2006 EPM 14417 and 14418

Auzex Resources Ltd ("Auzex"): spent $ on stream sediment (96 samples), rock chip (310 samples) and soil (2569 samples) sampling.

2006 EPM 14797 (245.6 sq km)

Auzex Resources Limited (“Auzex”): spent $234,734 on mapping, soil and rock chip sampling testing tin potential of greisens-altered granite.

2007 EPM 14417 and 14418

Auzex Resources Ltd ("Auzex"): spent $675,514 on stream sediment (96 samples), rock chip (172 samples) and soil (468 samples) sampling and RC drilling (35 holes for 3226m).

2007 EPM 14797

Auzex: mapping, rock chip sampling, RC (9 holes for 1185m) and diamond core drilling (1 hole for 150m).

2007-2008 EPM 15570 (6.6 sq km)

Auzex: spent $21,777 on data review.

2008 EPM 14417

Auzex Resources Ltd ("Auzex"): spent $76,661 on rock chip (463 samples) and soil (2522 samples) sampling.

2008 EPM 14418

Auzex Resources Ltd ("Auzex"): spent $78,360 on stream sediment (24 samples) and soil (1843 samples) sampling.

2008 EPM 14797

Auzex: spent $454,264 on geophysical interpretation, channel chip sampling (1232 samples), rock chip sampling (65 samples).

2008-2009 EPM 15570

Auzex: spent $32,405 on data review and soil sampling (66 samples).

2009 EPM 14417

Auzex Resources Ltd ("Auzex"): spent $26,196 on data review.

2009 EPM 14418

Auzex Resources Ltd ("Auzex"): spent $75,563 on RC drilling (3 holes for 340m).

2009 EPM 14797

Auzex: data compilation and review.

2009-2010 EPM 15570

Auzex: spent $13,635 on data review and soil sampling.

2010 EPM 14417

Auzex Resources Ltd ("Auzex"): spent $36,282 on data review.

2010 EPM 14797

Auzex/Hillgrove Resources JV: mapping, rock chip (39 samples) and NITON soil sampling (12 samples).

6.1.2 New England, NSW

Bismuth was discovered on Yarrow Creek Station in 1877 (Kenny, 1924). Mining commenced prior to the 1883 visit by Chief Government Geologist (Andrews, 1916). He noted that the Mo pipes were clustered along the margins of the granite. Approximately 380t of bismuth concentrate and 175t of molybdenite concentrate was produced between 1880 and 1922. There was sporadic production from 1922 to 1951. At Glen Elgin, records of mine production commenced in 1892, although alluvial mining may have commenced as early as 1853. From 1892 to 1940 a total of 742t of tin and 10,252oz of gold production was recorded. The Surprise molybdenite mine was worked during the 1920s and 1930s but not records of production are available.

1966

Carpentaria Exploration Company Pty Ltd ("CEC"): tape and compass mapping of 150 acres. Percussion drilling 79 holes (2,103m @ $7/m). Most assays below 0.4% Mo cut-off.

1969-70

North Broken Hill Ltd ("NBH: spent $15,859 within the boundaries of present EL 6408 on regional geological mapping, sampling stream sediments (total 13,341 samples), rock chips (total 2038 samples), soils (total 346 samples) and panned concentrates (total 68 samples).

1969-72

AOG Minerals Pty Ltd ("AOG"): spent A$208,601 on geological mapping, orientation geochemistry (486 samples assayed), detailed stream sediment geochemistry (>500 samples assayed). 730 sites re-sampled (additional cost $16,678 or $23/site). In early 1971 1,286 sites sampled (cost $28,575 or $22/site). Anomalies followed up by soil and rock chip sampling. In early 1972, 40 air-track percussion holes drilled (1,243m @ $7/m). No significant intersections.

1969-72

Eastmet Minerals Ltd ("Eastmet"): spent A$151,994 on geological mapping, an airborne magnetic and radiometric survey, ground prospecting, costeaning, stream sediment sampling (240 samples).

1971

Glendale Explorations NL ("Glendale"): spent A$17,209 on geological mapping, stream sediment sampling,

1972

Kingsgate Mining and Exploration NL (“Kingsgate”): compilation.

1974-75

Buka Minerals NL (“Buka”): spent AUD$4,121 on rock chip sampling, geochemical sampling, rock chip sampling (15 samples), petrology.

1978-79

Amoco Minerals (“Amoco”): geological mapping, stream sediment sampling, rock chip sampling, soil sampling, ground magnetics, shallow percussion drilling (4 holes, 80m total).

1981

Aerospace Metals and Mining Pty Ltd (“AMM”): spent AUD$11,065 on ML 6069 carrying out bulk sampling and metallurgical test work.

1981-82

Amoco Minerals Australia Company (“Amoco”): spent A$7,077 on reconnaissance geological mapping, regional stream sediment geochemistry (samples assayed) and rock chip sampling.

1988-92

G & J Gem Merchants Pty Ltd (“G&J”): spent AUD$80,000 on detailed geological mapping, high-resolution magnetic surveys and RAB drilling (59 holes) within the boundaries of present EL 2537 Kingsgate. Although the work (which in the wider area involved a total expenditure in excess of A$3.5M) was directed at gemstone (especially sapphire) exploration, the mapping, geophysics and drilling through Tertiary basalt cover to provide information on the underlying granite contributed to exploration data useful for base metal exploration of the granite.

2001-02

Tamas Kapitany: EL 5858 was granted then surrendered when it was discovered the landowner had a private mining agreement with the NSW government.

2002-03

Great Northern Mining Pty Ltd: Exploration for sapphires

2005

Auzex: spent $201,461 on data compilation, mapping, rock chip sampling (258 samples), soil sampling (450 samples), ground radiometrics, planning for diamond core drilling.

2006

Auzex: spent $803,042 on mapping, rock chip sampling (215 samples), soil sampling (2283 samples), auger sampling (116 holes), IP survey, RC drilling (38 holes for 1268m).

2007

Auzex: spent $2,077,412 on mapping, rock chip sampling (267 samples), channel sampling, soil sampling (4098 samples), auger sampling (638 holes), IP survey, RC drilling (83 holes for 4169m).

2008

Auzex: spent $2,300,633 on mapping, rock chip sampling (8 samples), channel sampling, soil sampling (658 samples), airborne geophysics and RC drilling (252 holes for 12,136m).

2009

Auzex: spent $87,028 on data compilation and feasibility study.

2010

Auzex: spent $103,877 on data compilation and RC drilling (5 holes for 492m).

6.1.3 Lyell Project, NZ

Rich alluvial gold deposits were found in the Lyell Stream in 1862 and traced to reefs between Irishman's and Eight Mile Creeks, small east-flowing tributaries of the Lyell Stream. The Mines Inspector's reports for 1937-38 record that men were driving adits at German Gully and Anticline following gold-bearing reefs described as the most promising find in the area. New finds included Reid's Discovery (Reid's Reef – grab samples over 2 oz/ton), North British, North Croesus and Alpine. A total of 91,353 oz of gold was recovered from 151,166 tons of quartz crushed.

1967-1968

Asarco Developments NZ Ltd ("Asarco"): helicopter stream sediment sampling (141 samples within Auzex tenement).

1970-1971

Carpentaria Exploration Company Pty Ltd ("CEC"): stream sediment (165 samples within Auzex tenement).

1972-1973

Otter Minerals: stream sediment (68 samples), soil sampling (47 samples) and rock chip sampling (130 samples). Isolated Au, As and Cu anomalies detected.

1973-1975

NZ Cities Services: stream sediment (396 samples).

1974-1982

Reconnaissance prospecting by various companies including Kennecott Exploration, JBL Exploration and Otter Minerals. Isolated cassiterite, scheelite and molybdenite anomalies detected.

1977-1980

Otter Minerals: stream sediment sampling (254 samples) and regional geological mapping.

1979

Dept of Scientific and Industrial Research ("DSIR"): stream sediment sampling (74 samples).

1979-1981

Amoco Minerals: stream sediment (95 samples) and rock chip sampling (184 samples).

1982-1985

Gold Mines of New Zealand Limited ("GMNZ"): 10 prospecting licences ("PLs") covered by helicopter stream sediment sampling (57 samples within Auzex tenement). Spent NZD$31,641 in 1982 on soil sampling (425 samples).

1987-1989

McConnell Dowell Mining Ltd ("MCM"): data review.

2005

Auzex: spent NZD$20,500 data compilation, mapping, rock sampling (26 samples).

2006

Auzex: spent NZD$22,186 on helicopter reconnaissance, rock chip sampling (27 samples).

2007

Auzex: spent NZD$92,635 on mapping, grid soil sampling (511 samples).

2008

Auzex: spent NZD$173,193 on mapping, sampling ($93,344 on 881 soil and 113 rock chip samples), and drilling ($7,017).

2009

Auzex: spent NZD$12,971 data review.

6.1.6 Bullabulling Gold Project, WA

1893

The BBGP area has been explored for gold since the first discovery in nearby Coolgardie in 1893. Historical gold production in the area was limited, with the Western Australian State Government records stating from 1897, a total of 704 tonnes was mined grading 29.5 g/t Au.

1966 - 1968

The first systematic exploration of the area commenced in the period 1966 to 1968, through a joint venture between Anaconda and Union Minière who unsuccessfully explored for nickel.

1974 - 1982

From 1974 through to 1982, Western Mining Corporation explored for gold and nickel in the region. During this time, some 150 RC holes were completed in the Golden Gate area, immediately north of the Phoenix Prospect. Seven of these holes intersected narrow (2-7 metres) zones of mineralisation with grades ranging from 2 to 6 g/t gold.

1985 - 1991

In 1985, Valiant Consolidated Ltd and Hill Minerals N.L. (subsequently Hillmin Gold Pty Ltd) formed a joint venture to explore for gold in the Bullabulling area. Work during this time included extensive ground magnetic, soil sampling and RAB and RC drilling. The culmination of this work led to the discovery and partial delineation of the Bacchus gold deposit.

Control of the project passed to the Ashton group, firstly through the takeover of Hillmin in 1989 and secondly through the purchase of Valiant's interest in 1991.

Central Kalgoorlie Gold Mines N.L. (CKGM) commenced exploration in the Bullabulling area during the same period as the Valiant/Hill Minerals JV. CKGM's exploration focussed on the delineation and subsequent development of a laterite resource which was processed onsite through heap leaching of the gold bearing laterite material.

1993 - 1997

In 1993, Samantha Gold N.L. (and then Resolute Ltd) purchased the Valiant/Hill Minerals JV and CKGM tenure. After the acquisition, Samantha instigated a programme of systematic soil sampling of previously untested ground, with RAB and RC drilling of selected targets, with the main focus on establishing reserves at the Bacchus and Phoenix deposits.

In 1994, Samantha acquired tenements containing the Gibraltar Gold Mine from the Lyn Martin-John Schulberg Syndicate. The Gibraltar Gold Mine is an open cut mine developed between 1987 and 1988 through a joint venture between Electrum N.L. and Pan Australia Mining Ltd. In December 1988, the open pit was placed on care and maintenance having failed to return a profit and forcing Electrum N.L. into receivership.

Work completed by Resolute between 1993 and 1995 led to commencement of production at the Bullabulling Project based on stated Proven and Probable Ore Reserves totalling 3,178,500 tonnes grading 1.7 g/t for 178,000 ounces Au. Processing was through a dedicated 1.1 million tonne per year facility located on the project. In September 1997, Resolute ceased all operations at the project.

2002

In June 2002, Jervois Mining Limited, in joint venture with two other parties, Global A (Australia) Inc. and Melron Investments Pty Ltd, acquired the project and recommenced mining operations on the project through a heap leach operation. Global A and Melron subsequently withdrew from the joint venture.

2010 - 2011

Current exploration is discussed in Section 8.4.

6.2. Historical Mineral Resource & Reserve Estimates

6.2.1 Bullabulling Gold Project, WA

A pre mining Ore Reserve estimate by Resolute for the BBGP in 1995 amounted to 2,826,448 tonnes at 1.73 g/t for 157,209 ounces and is presented below (Table 5). The background data used to carry out the estimate are not available.

Table 5. Historical estimates for Bullabulling

Resolute Mineral Resource Estimates (Stevens and Jones 1995) *

Deposit	Category *	Tonnes (t)	Grade (g/t)	Contained Au (oz)
Bacchus	Proven	1,923,755	1.87	115,660
Phoenix	Proven	398,590	1.48	18,966
North and South Laterites	Probable	137,200	1.2	5,293
Gibraltar	Proven	366,903	2.03	23,946
Total		2,826,448	1.73	157,209

* Category descriptions are historical and are not JORC compliant

At the time of the BBGP purchase in 2010, the following resource estimate was quoted in ASX announcements by Auzex and GGG.

Table 6. 2010 Historical estimate for Bullabulling

Jervois Mining Limited Estimates (1998) *

Resource Category	Tonnes	Grade g/t Au	Contained Gold oz.
Measured	4,865,000	1.51	237,000
Indicated	4,159,000	1.35	180,800
Inferred	284,000	1.52	13,900
TOTAL	**9,308,000**	**1.44**	**431,600***

* Category descriptions are historical and are not JORC compliant

Auzex noted that approximately 14,000 ounces of gold was produced in dump leaching since the calculation of the resource such that the total contained is approximately 416,600oz. Jervois has carried out no additional exploration or resource definition work since they acquired the project.

6.3 Production History

6.3.1 Bullabulling Gold Project, WA

The project area was subjected to very limited mining at the turn of the last century, with most of the mining being undertaken since 1988 (Table 7).

Mining within the BBGP has been conducted over three separate periods. Two of these mining periods were heap leach operations: CKGM and Gibraltar in the late 1980s and Jervois Mining Ltd in early to mid 2000. The third period of mining was during Resolute's period of operation in the mid 1990s. In total, 326,489 ounces of gold have been produced from the BBGP from depths less than 80 metres below surface.

Table 7 BBGP Historical Production.

Prospect	Period	Production			Mining Type
		Tonnes	Grade (g/t)	Gold (oz)	
Recent Mining Activities (1988 to Present)					
Gibraltar Mine	1988	1,630,000	1.54	80,705	
CKGM Heap Leach	1988 to 1992	2,700,000	1.15	70,000	Near Surface Laterites
Resolute	1995 - 1997	3,450,000	1.48	164,547	
Jervois Various	2002 - 2007	Not detailed		10,569	
Historical Mining Activities (1897 to 1988)					
Various	1897–1988	704	29.5	668	Unknown
TOTALS		7,780,704	1.31	326,489	

Production figures are biased by lack of information from the Jervois Mining operation.
During this time ore was sourced from the Phoenix deposit and near surface laterite deposits at Eileen, Eyre, Edwards and Dickson South
(Source: Fahey, 2011)

Resolute, mined the Bacchus deposit from two separate pits, Bacchus South and Bacchus North.

Ore Mined to date came predominantly from laterite resources from pits that were generally less than 20m vertical depth. Some ore was mined from supergene and primary sources with the deepest pit to 80m vertical depth for example the Dicksons pit mined supergene gold whereas the Bacchus pit mined primary ore. The pre-2010 resources were based on close spaced drilling and are a mixture of all styles of mineralisation and are contained in nine centres over a 14 km strike length.

A summary of the quality, history and issues associated with each resource given in Table 8.

Table 8. BBGP Historical Mines and Deposits Description.

BBGP Historical Mines and Deposits Description		
Mine/Deposit	**Previous Mining**	**Previous Drilling**
Bonecrusher	Mainly laterite ore mined.	Shallow close spaced, few holes below 50m
Dicksons	Laterite ore Small pit at Dicksons South	Some deeper drilling
Hobbit	20m small pit mined supergene ore	Drill holes incorrectly located.
Phoenix	Laterite ore and primary ore mined	Limited deeper holes.
Bacchus	Mined to about 130m	Well drilled to 75m. Reasonable coverage to 150m
Edwards	Not mined	Shallow drilling to 40m.
Griffin	Not mined	3 lines 25-50m. Data missing
Gibraltar	95m depth Small tight pit mining primary ore	Good coverage to 50m depth.

(Source: Partington et al., 2010)

The mines within the BBGP have produced slightly more than 370,000oz of gold. Much of this production occurred in the early to middle 1990's when the project was owned by Samantha Gold NL (Samantha). Samantha became Resolute Mining Limited (Resolute) in November 1996. There has been limited production from laterite gold deposits by Jervois Mining NL since then.

7. GEOLOGY & MINERALISATION

7.1 North QLD Projects

7.1.1 Regional Geology

The early-middle Paleozoic Hodgkinson Province succession forms the northern part of the Tasman Fold Belt. The province is the most extensive element in the Cairns Region, where it forms a belt about 500km long and up to ~150km wide. It is separated from the coeval Broken River Province to the south by Carboniferous-Permian igneous rocks of the Kennedy Province and the northwest-trending part of the Palmerville Fault. Lithologies consist dominantly of sandstone, greywacke and siltstone with limestones occurring along the western margin. To the west, the Palmerville Fault defines the boundary with the Proterozoic high-grade metamorphic and associated intrusive rocks of the Dargalong and Yambo Inliers.

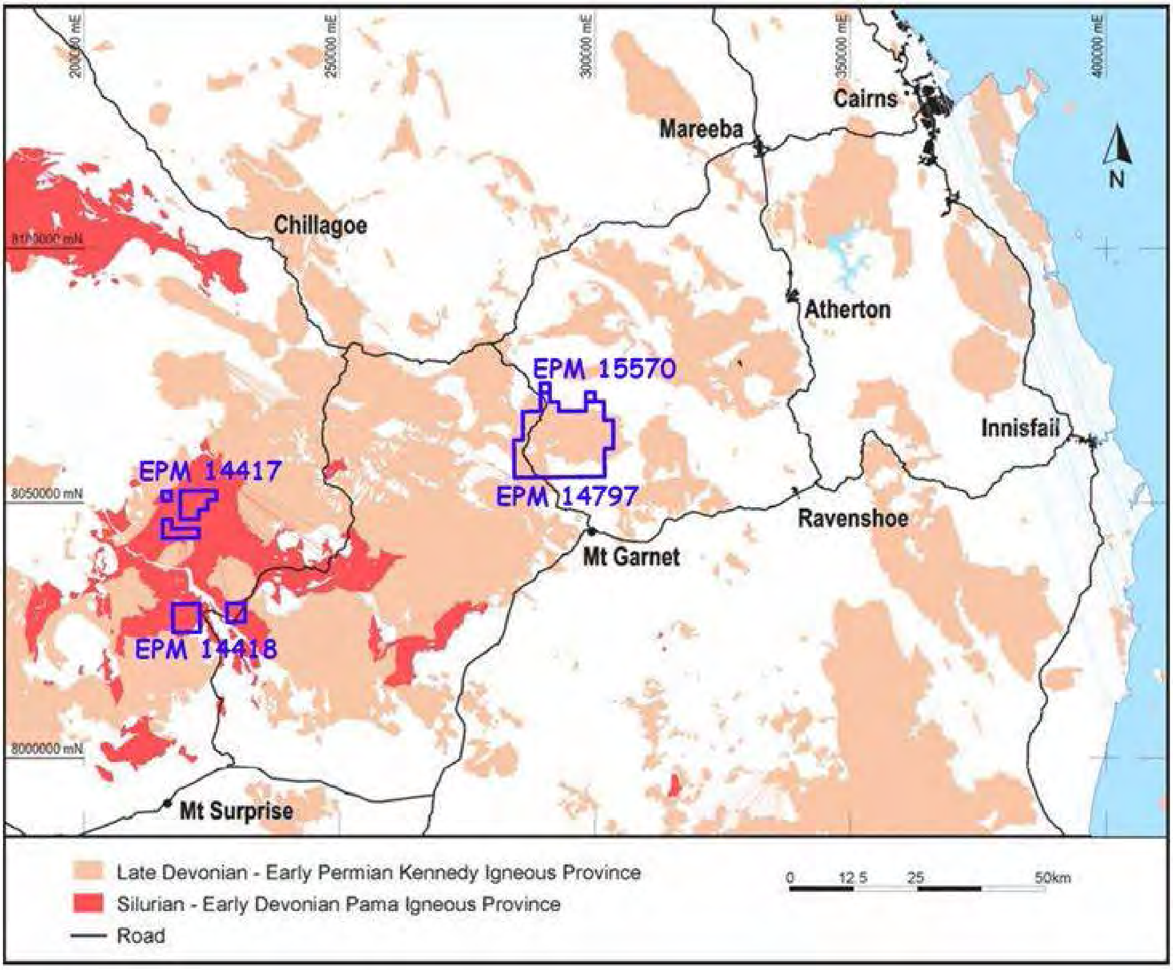


Figure 5. Regional geology, North Queensland projects.

The Dargalong Inlier is intruded by numerous Early Silurian leucogranitoid bodies grouped together as the Blackman Gap Complex. Both the Dargalong and adjacent Hodgkinson Province are also intruded by numerous granite plutons, of Late-Carboniferous-Permian age. These are mainly I-type and A-type volcanic and plutonic rocks which belong to the west-northwest trending, intraplate Townsville – Mornington Island belt. This belt is part of the Kennedy Province. Three major I-type supersuites and one minor I type supersuite have been identified, namely the Almaden, Ootan, O'Briens Creek, and Claret Creek Supersuites (Champion, 1991).

The O'Briens Creek Supersuite in the region consists of highly fractionated characteristically pale pink to white, alkali-feldspar-rich biotite granites, leucogranites and microgranites, some of which are porphyritic and some of which are miarolitic. The supersuite includes the Go Sam and Nettle Suites of Johnston (1984), the Emu Suite of Pollard (1984, 1988) and Witt (1985), and the Herberton Suite of Clarke (1990). Small bodies of relatively felsic (mostly fractionated), fine grained, commonly miarolitic and/or porphyritic, granite are abundant; some of these contain topaz and/or fluorite.

Plutons of the O'Briens Creek Supersuite have intruded the Etheridge Group, Dargalong and McDevitt Metamorphics (Paleoproterozoic), and the Blackman Gap Complex; and the Hodgkinson Formation. They have been intruded by granites of the Ootan and Claret Creek Supersuites, and are overlain (or faulted against) volcanic rocks of the Featherbed Group, Nanyeta, Boxwood, Slaughter Yard, Pratt, Glen Gordon and Walsh Bluff Volcanics.

7.1.2 Local Geology

The basement geology in the Emuford area consists of sandstones and mudstones of the Devonian Hodgkinson Formation. The sediments are intruded by granites of the Ootan and O'Briens Creek Supersuites. Pollard (1984, 1988) subdivided the granites in the Emuford area into two main types based on grain size and field relationships (Donchak and Bultitude, 1994): early granites and late-stage granites; the Emuford Granite being the most extensive of the early granites (Figure 5).

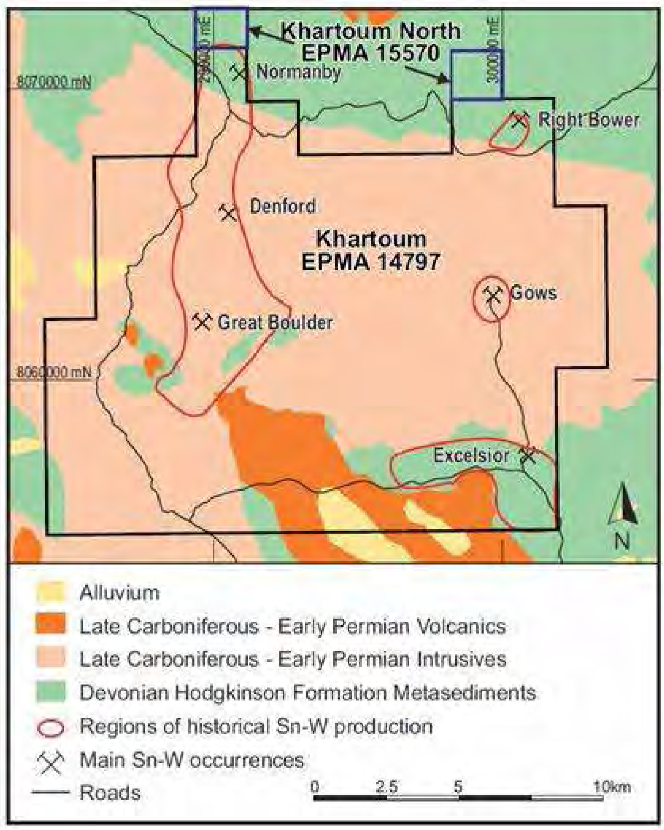


Figure 6. Local geology, EPMs 14497 & 15570, Khartoum
Figure supplied by Auzex

The Emuford Granite forms a relatively large pluton (>200 sq km) and underlays approximately 75% of the Khartoum permit (Figure 6). The Emuford Granite is composed in the main of a coarse grained granite which is intruded by numerous small bodies of fine and medium grained, mainly sparsely to moderately porphyritic biotite granite and adamellite (late-stage). Most of the late-stage granites form dykes, sheets and small plutons (<10 sq km) which occur along the margins and within the early granites. The late-stage granites have generally sharp contacts although Pollard and Auzex geologists have found local evidence of gradational contacts. The most extensive of the late stage granites is the Billings Granite which forms a sheet-like body in the northwest of the permit.

Granite and diorite and associated volcanics assigned to the Ootan Supersuite form part of the Gurrumba Ring Complex in the central west of the permit area shown as darker pink shading in Figure 7 and surround and intrude an inlier of sandstone and siltstone of the Hodgkinson Formation.

In the south of the tenement area there is a volcanic sequence (Nanyeta Volcanics) of rhyolitic to andesitic composition interpreted as comagmatic with the O'Brien Creek Supersuite. The Featherbed Volcanics lie off the northern bounds of the tenement. Adjacent and to the west of the Nanyeta Volcanics is a narrow north-west trending exposure of Silurian Chillagoe Formation.

Late Carboniferous – Early Permian granites from the O'Briens Creek and Ootan Supersuites make up 50% of the Lyndbrook Project area and intrude the Silurian granites/granodiorites of the Blackman Gap Batholith that make up the other half of the area (Figure 7).

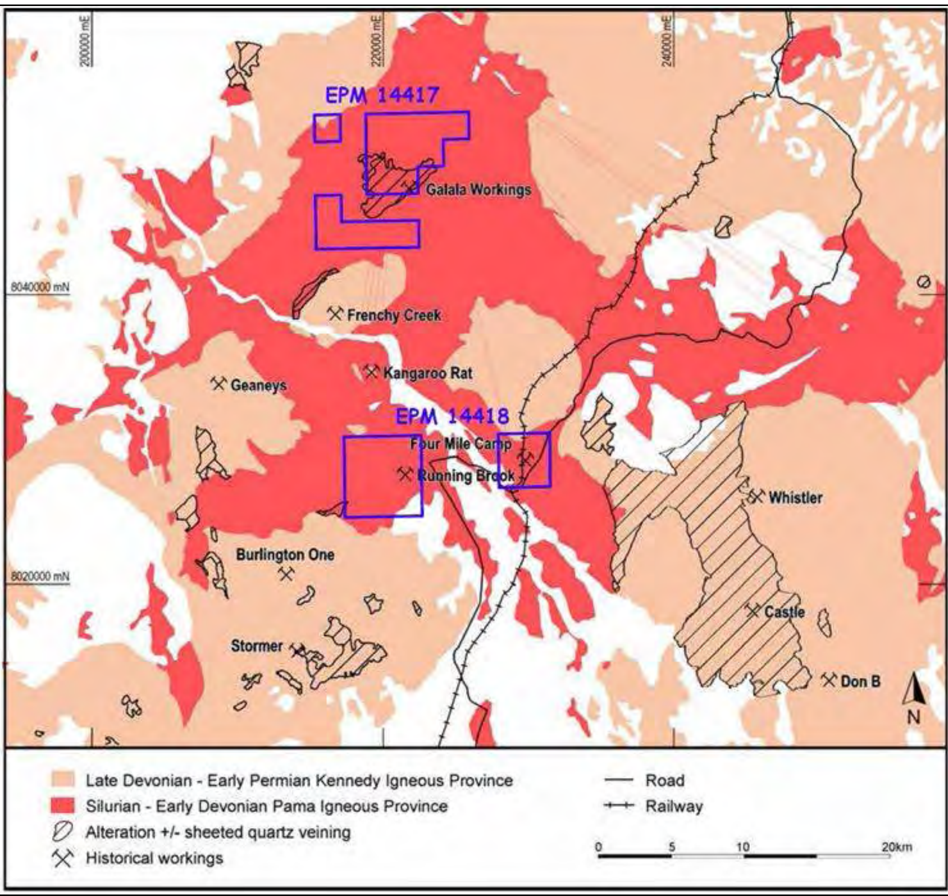


Figure 7. Local geology, EPMs 14417 & 14418, Lyndbrook area
Figure compiled by D G Jones from base map supplied by Auzex

7.1.3 Mineralisation

Alteration, especially greisenisation, is extensive and most, if not all O'Briens Creek Supersuite rocks, contain some Sn ± W± Mo and F mineralisation. Most of the tin mineralisation in the Herberton, Irvinebank, Emuford, Mt Garnet and Tate River areas is intimately associated with granites of this supersuite. The tin mineralisation occurs mainly in veins, pipes and breccias within shear zones and fractures in Hodgkinson province sediments adjacent to granite contacts and in veins, pipes and disseminated deposits in granite or at the contact with Hodgkinson sediments. Estimated total production from the Herberton-Mt Garnet Tin field is more than 150,000 tonnes of cassiterite concentrate with close to half (70,000 tonnes) mined from primary lode deposits.

Tin mineralisation occurs mainly as fracture-controlled fissure filling and/or replacement bodies. Ore types are diverse (Pollard, 1984) with the most prominent types including chlorite-, sericite-, tourmaline-, and sulphide-rich assemblages. Greisenisation with associated quartz veins is common within the granites, and quartz-cassiterite veinlet swarms are associated with albite-rich lenses and albitised granite at Mt Misery near Irvinebank. Skarn-type mineralisation occurs in altered carbonate rocks near Mt Garnet and tin mineralisation is associated with hydrothermally altered basic volcanics in the Silver Valley and Sunnymount districts.

Tungsten occurs either in association with molybdenum, bismuth or tin, or as a sole commodity generally in quartz vein lodes or greisen veins. Wolframite is the dominant species. Tungsten and bismuth ores associated with molybdenite occur in flat lying greisen lodes occupying joints in granite in the Gows area. Pollard (1994) reported that at several localities in the Emuford district wolframite mineralisation appears to be associated with relatively late fine-grained granite and/or pegmatite. The greisen deposits commonly have central cores of quartz and fluorite with abundant large wolframite crystals.

7.2 New England Projects

7.2.1 Regional Geology

The Upper Carboniferous to Triassic New England Batholith (“NEB”) has an outcrop area of ~15,000 sq km and intrudes the accretionary prism complexes of the southern New England Fold Belt (Shaw and Flood, 1981). It is composed of synorogenic, Late Carboniferous to Early Permian peraluminous S-type granitoids, and post-orogenic Permo-Triassic I-type intrusions. The I-type intrusions form a NNE trending 300 km long by 60 km wide belt and are interpreted to be products of a continental margin magmatic arc with Andean-type affinities (Chappell 1994). The intrusion-related gold deposits that are the focus of this appraisal are considered to be associated with Late Permian-Early Triassic I-type granitoids that intrude the accretionary prism rocks of the Coffs Harbour block.

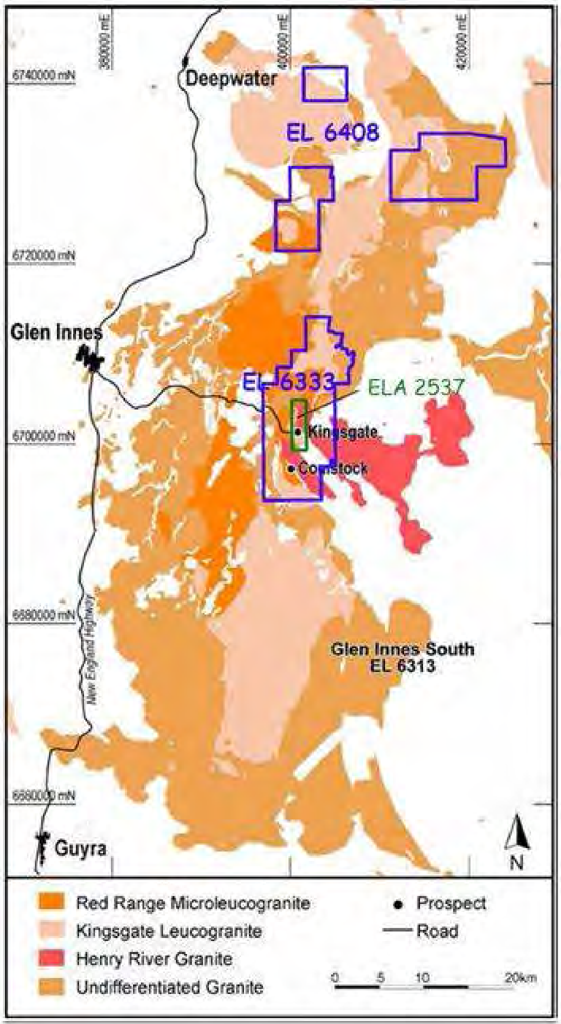


Figure 8. Local geology, ELs 6333, 6408 & ELA 2537.
Figure compiled by D G Jones from base map supplied by Auzex

Shaw and Flood (1981) subdivided the New England Batholith into the Bundarra, Hillgrove, Moonbi, Uralla and Clarence River suites based on distinct mineralogical, geochemical, isotopic and age criteria. Several economically-significant, fractionated and felsic granitoids were assigned to a separate “leuco-adamellite” group. Subsequently Chappell and Bryant (1994) renamed these groups Supersuites and reclassified the “leuco-adamellites” as leuco-monzogranite and incorporated many of them into the Moonbi Supersuite.

7.2.2 Local Geology

Late Permian-Early Triassic granitoids dominate the geology of the Glen Innes EL 6333 and Glen Elgin EL 6408 (Figure 8).

The Wards Mistake Adamellite is extensively developed and comprises coarse to medium-grained monzogranite-granodiorite (Undifferentiated Granite in Figure 8). It has been intruded by the two main leucogranites in the area, the Kingsgate Leucogranite and the Red Range Microleucogranite. The Kingsgate Leucogranite is a very coarse-grained, equigranular biotite granite. The Red Range Microleucogranite is a fine- to very fine-grained saccharoidal, pink, equigranular microleucogranite.

The Red Range Microleucogranite is considered to form the carapace to the Kingsgate Leucogranite. This region has high potential for intrusion related gold deposits (IRGD's) due to the analogous geological setting to Timbarra.

7.2.3 Mineralisation

The NEB has been a significant historical producer of tin and molybdenum. Estimated production of approximately 300,000 tonnes tin and 450 tonnes molybdenum were won from dominantly alluvial and hard rock sources respectively (Stroud et al., 1999; Weber et al., 1978). Timbarra represents the first significant disseminated intrusion-hosted gold deposit recognised in the NEB. This new class of gold deposit are now being recognised in tin-tungsten bearing magmatic provinces elsewhere around the world (Thompson et al., 1999).

The Kingsgate Leucogranite and the Red Range Microleucogranite host a range of Mo, Bi, W and Sn deposits. Mo-Bi-Ag±Au quartz pipes and veins are developed in clusters along the margins of the Kingsgate Leucogranite and the Red Range Microleucogranite. The Kingsgate and Yarrow Creek (Comstock) deposits are the best known examples of this mineralisation style.

7.3 Lyell Project

7.3.1 Regional Geology

West of the Alpine Fault, basement geology consists of the Western Province, Buller and Takaka Terranes to which the Eastern Province was accreted (Figure 9). Buller Terrane basement in the Reefton/Buller region is composed of indurated and strongly folded mudstone and sandstone beds of the Ordovician Greenland Group. The Greenland Group is generally weakly metamorphosed to sub-greenschist facies although locally to amphibolite facies, and hornfelsed adjacent to intrusive plutons. The folding has produced a ubiquitous axial plane cleavage.

The Greenland Group metasediments are intruded by, or in fault contact with, granites and diorites of the Carboniferous to Cretaceous Karamea or the Cretaceous Rahu and Separation Point Suites of S-type and I-type affiliations ranging from diorite, granodiorite, granite to leucogranite in composition. Contact metamorphic aureoles comprising biotite hornfels are developed over widths of up to 2km.

7.3.2 Local Geology

The Lyell goldfield is underlain by Ordovician Greenland Group metasediments, intruded by or in fault contact with granites and diorites of the Cretaceous Rahu/Separation Point Suites and Carboniferous to Cretaceous Karamea Suite which outcrop immediately to the east of the main channel of the Lyell Creek outside the exploration prospect (Figure 10).

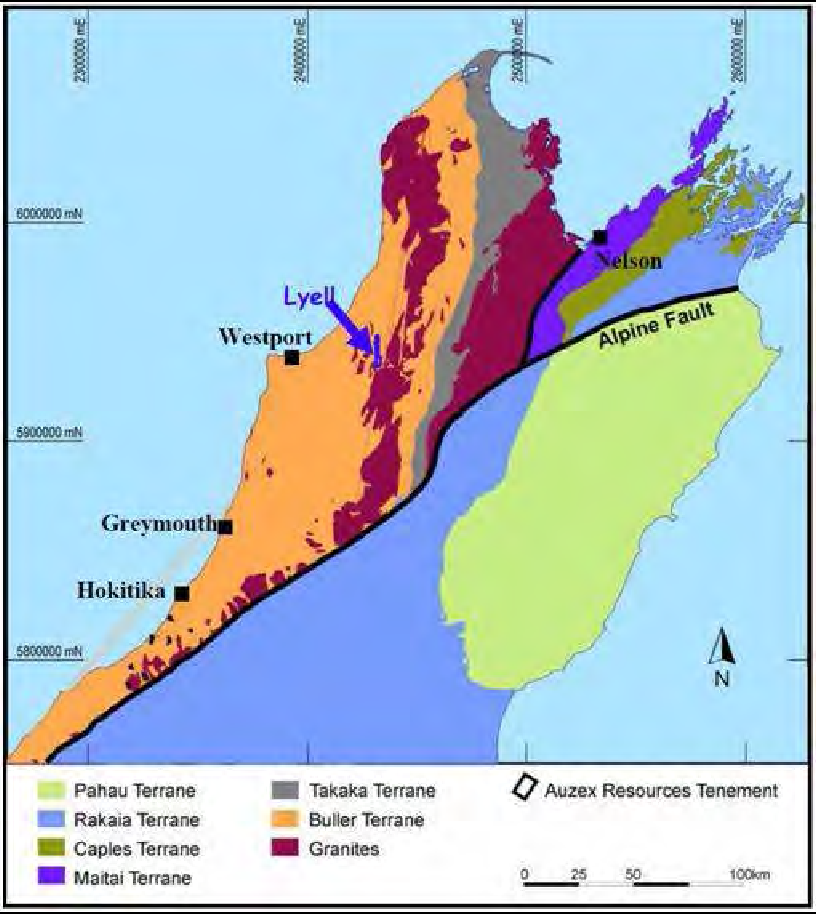


Figure 9. Regional geology, NW South Island, NZ.
Figure compiled by D G Jones on to base supplied by Auzex.

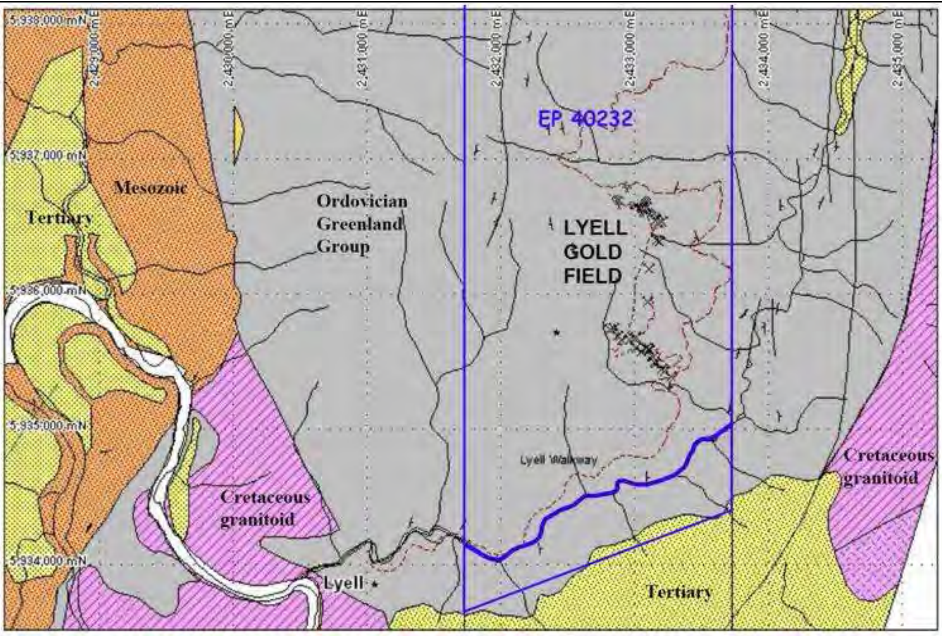


Figure 10. Local geology, Lyell goldfield.
Figure compiled by D G Jones

7.3.3 Mineralisation

Historic hard rock gold production in region has been derived predominantly from orogenic gold deposits, typically gold bearing quartz veins hosted by turbidites (Christie and Braithwaite 2005). The term orogenic derives from their occurrence in regionally metamorphosed terranes and their formation during compressional and transpressional deformation processes at convergent plate margins in accretionary and collisional orogens. Orogenic gold deposits in NZ are restricted to the South Island and lower North Island of NZ, and occur in greywacke rocks of Palaeozoic age (mostly Greenland Group) located in the Greymouth and Nelson districts (e.g. Reefton and Lyell, including the Globe-Progress deposit- 530,000oz), and also in Mesozoic age schists of the Marlborough and Otago districts (e.g. the Macraes Flat deposit greater than 5 M oz Au), in schists and greywackes of the Southern Alps and in Mesozoic greywackes in the Wellington region of the North Island. They have accounted for about 8% of New Zealand's total gold production.

Lensoid and sheet-like gold-bearing quartz veins occur within shear zones related to fold zones in the Greenland Group. The veins, containing gold and minor pyrite, arsenopyrite and stibnite are inferred to have been deposited from hydrothermal fluids generated in the later stages of a metamorphic event in the Silurian at about 420 Ma. Hydrothermal alteration is generally confined to narrow zones of pervasive quartz and sericite, with disseminated carbonate, pyrite and arsenopyrite, in wall rocks adjacent to veins. Less commonly, significant disseminated gold occurs associated with a wider alteration halo as at Globe-Progress.

The most important deposits of this type in NZ are those in the Reefton Goldfield, where over 67 t of gold were produced from 84 mines between 1870 and 1951. The gold quartz lodes are contained within a NNE-trending belt of Greenland Group metasedimentary rocks, some 34 km in length by 10 km in width. The largest known deposits were worked at the Blackwater and Globe-Progress mines. In the Blackwater Mine, the Birthday Reef averaged less than one metre in width but had a strike length of 1070 m, and was mined to a depth of 830 m, to produce 23 t of gold between 1909 and 1951. Quartz lodes at the Globe-Progress mine produced 13 t of gold between 1879 and 1920. Oceana Gold’s 520,000oz Globe-Progress Mine commenced production in 2006.

The Lyell goldfield area is the northern extension of the Reefton goldfield and contains around 21 historic mines with a total historic underground production of 95,000 oz gold from narrow high grade quartz veins structurally controlled in basement Greenland Group lithologies. Recorded structural measurements from the most significant mine, the Alpine United, indicate metasediments form a tight anticlinal structure within the broader syncline (informally Lyell Synclinorium, Barry (1995)). Mined gold-bearing quartz veins from the Alpine United mine are believed to have deposited within the sheared steeply dipping axial plane of the anticline, plunging approximately 40-45 degrees to the north.

7.4 Bullabulling Gold Project

7.4.1 Regional Geology

The BBGP lies within the Norseman-Wiluna Archaean Greenstone Belt in the Eastern Goldfields Province (Figure 11). The province is host to some of the largest gold and nickel deposits in Western Australia and a reasonably consistent stratigraphic sequence consisting of mafic volcanic and intrusive, felsic volcanic and sedimentary rocks separated by deformed and metamorphosed granitoid rocks.

The Eastern Goldfields Province is characterised by a north-northwest orientation of regional shears, folds and stratigraphy which results in a series of elongate granites separated by anastomosing shear zones.

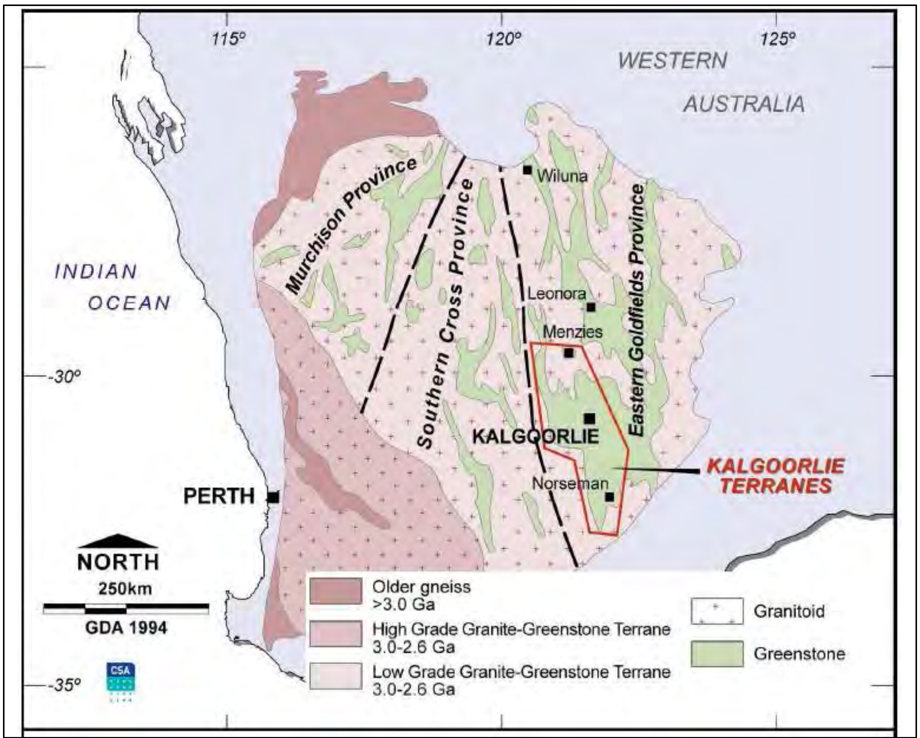


Figure 11: Regional Geology of the Yilgarn Craton.
(CSA 2010, adapted from Swager et al., 1990).

BBGP lies in the Kalgoorlie Terrane, a sub-division of the Eastern Goldfields Province which itself has been sub-divided into four major domains: the Coolgardie, Ora Banda, Kambalda and Boorara Domains; and two smaller domains – the Bullabulling and Parker Domains (Swager et al., 1990). These domains are separated by crustal-scale shear zones, which are considered important for focussing gold mineralisation (Figure 12).

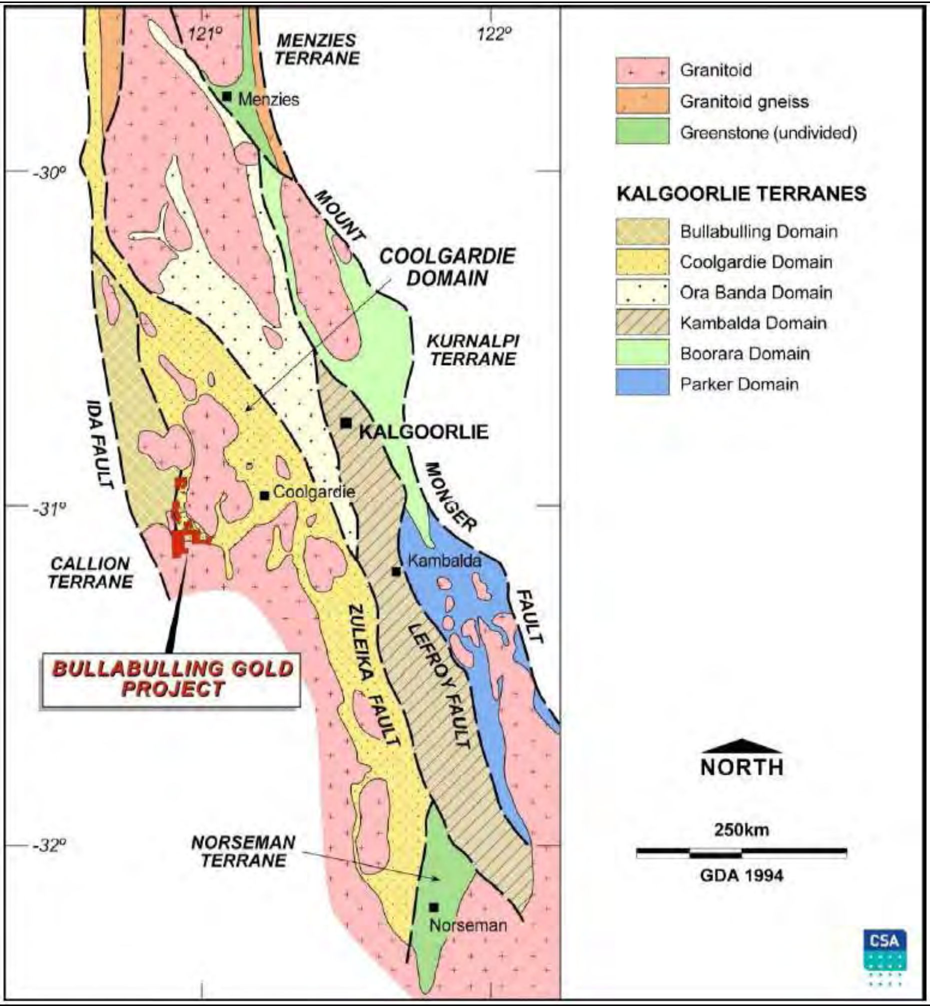


Figure 12: BBGP Kalgoorlie Regional Geology
(CSA 2010, adapted from Swager et al., 1990)

Regional Stratigraphy

The BBGP is located along the western edge of the Coolgardie Domain (Figure 13). This area is dominated by a series of granitic intrusives, the Calooli and Bali granites to the east, the Silt Dam granite to the immediate north and the Dunnsville Dome/Doyle Dam granodiorite further to the north. To the south, the Coolgardie Domain is dominated by the Burra Granite that extends eastwards from the Ida Fault.

The stratigraphy of this domain is well documented and has been divided into three metasedimentary and meta-volcanic units, a lower basalt unit overlain in turn by a komatiite, an upper basalt which compared to neighbouring domains is often poorly developed or nonexistent, then overlain by felsic volcanic, volcaniclastic and sedimentary rocks. Layered and differentiated mafic sills and felsic intrusives can occur at various levels within the stratigraphic succession.

The adjoining Bullabulling Domain immediately west of the project area is separated from the Coolgardie Domain by the North-South trending Bullabulling Shear, the Bullabulling Domain is poorly exposed comprising interleaved high-grade felsic schist, meta-sedimentary rock, amphibolites and minor ultramafics.

Some interpretations suggest lithologies in the Bullabulling Domain represent an older section of the stratigraphy that underlies the lower basalt unit however, this has not been conclusively proven.

Regional Structure

The structure of the Coolgardie domain is dominated by greenstone sequences draped over domal granite plutons, and the district is bounded by major shear zones to the west (Ida Fault), and to the east (Zuleika shear zone, Kunanalling shear zone). The western margin of the Calooli and Bali granites influences the stratigraphy and structural orientation along the western margin of the Coolgardie Domain, resulting in orientation of the stratigraphy in NWSE trends in the SW and N-S trends along the western margin of the domain.

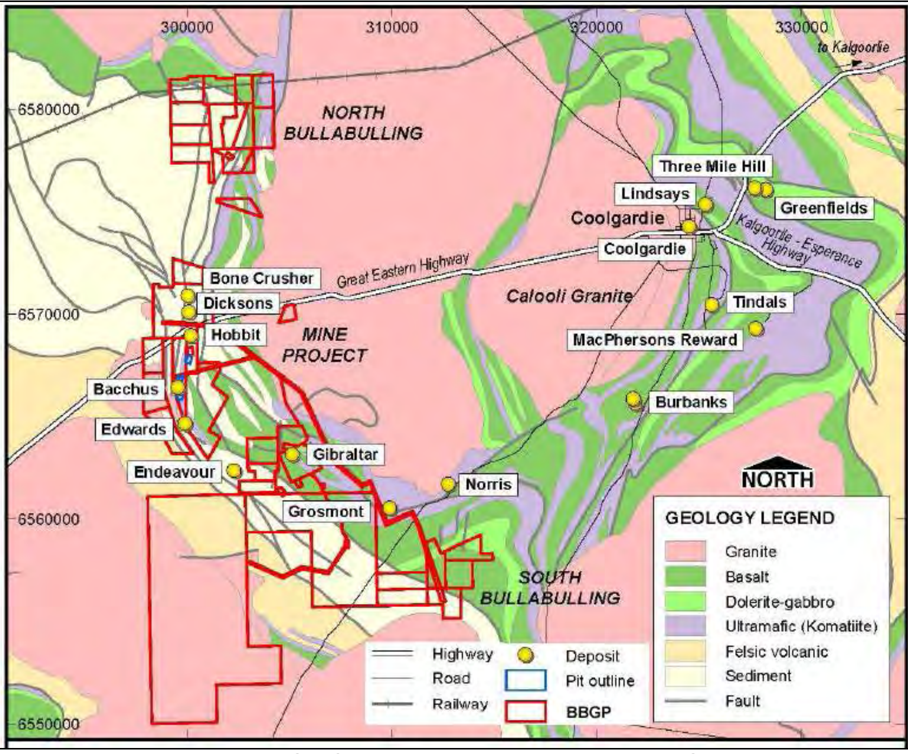


Figure 13: BBGP Coolgardie-Bullabulling Regional Geology
(adapted from Libby et al,1990)

Regional Mineralisation

Gold occurrences within the Archaean granitoid-greenstone terranes are dominantly orogenic, mesothermal, lode-style deposits (Figure 14). Orogenic gold deposits are epigenetic and form as the result of focussed fluid flow during active deformation and metamorphism of volcano-plutonic terranes (Hagemann and Cassidy, 2000). There is no single model that describes the development of orogenic lode gold systems. They can occur in any host lithology and can develop at varying crustal depths. Variations in these two factors, combined with numerous possible structural settings and orientations, contribute to diversity in the location, style and associated alteration of mesothermal lode gold mineralisation.

There is however one dominant characteristic for all orogenic lode gold systems, i.e. a strong structural control providing a focus for mineralisation within or adjacent to crustal-scale structures that have been a conduit for deeply sourced gold-enriched hydrothermal fluids. Significantly endowed gold deposits generally exhibit a prolonged structural episode with more than one pulse of gold-enriched fluid passing through the structurally prepared rocks.

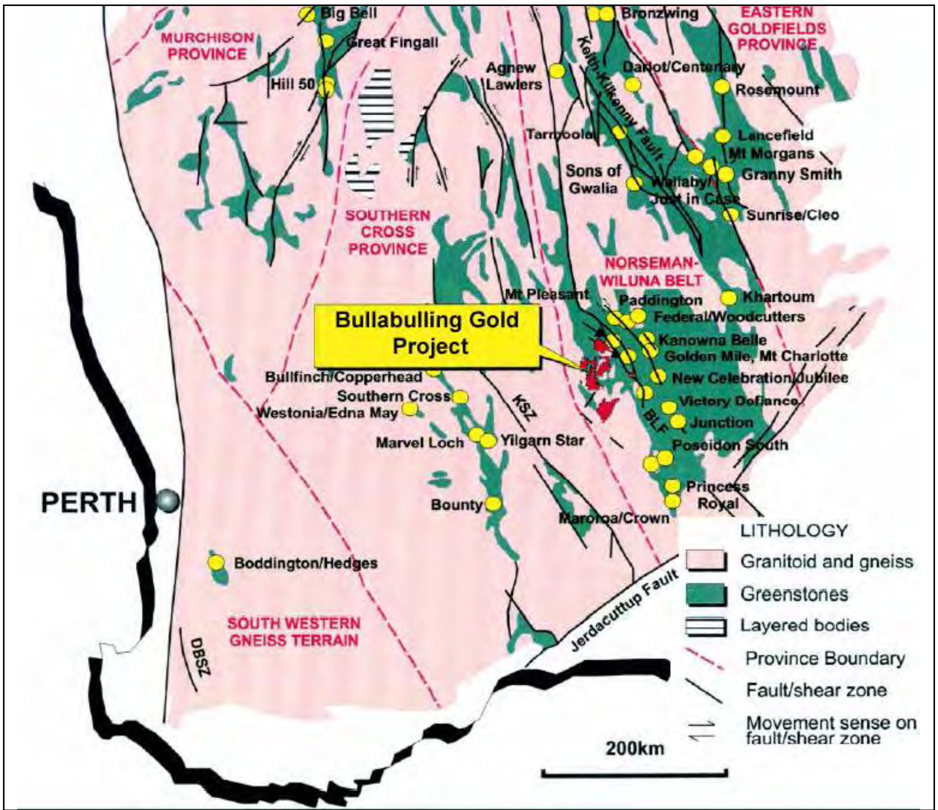


Figure 14: BBGP Regional Geology and Major Gold Deposits

(adapted from Libby et al,1990)

7.4.2 Local Geology

The Bullabulling Project lies within the easternmost portion of the Coolgardie Domain. Lithologies present in the project area are dominantly quartz amphibolites, which are interpreted to be metasedimentary rocks, and ultramafics. Throughout the stratigraphic succession several generations of granites have been intruded into the sequence. Late stage pegmatite dyke swarms accompany the most recent granite intrusion. These pegmatite swarms cross cut the gold mineralisation trends and are barren of gold. Insufficient information is available to determine what effect these pegmatite dykes may have on the mineralisation model.

Local Stratigraphy & Structure

This section is a summary from “Structural Geology of the Bullabulling Gold Project, Western Australia” Davis (2010).

The BBGP comprises two distinct mineralised trends, the north-south striking Bullabulling Trend and the east-west to northwest-southeast striking Gibraltar Trend. The Bullabulling Trend contains the best exposures and most continuous zones of gold mineralisation that has be traced on 40 m spaced dill hole sections over nearly 6 km along strike.

The structural geology of the Bullabulling trend is characterised by a network of ductile high strain zones and folds that formed from overprinting deformation events. Gold mineralisation occurred late in the deformation history of the area and was broadly synchronous with the last phase of granite and pegmatite emplacement. The structural framework consists of a stack of at least three sub-horizontal to moderately west-dipping D4 high strain zones with top-to-the-east shear sense that were folded by west-block-down rotation along north-south striking corridors in D5.

Gold deposits are hosted by D1 to D4 structures that can be identified from the orientations of the lodes. The highest grade gold deposits within D4 high strain zones are located in the shallower west dipping segments. D1 and D3 structures contain significant gold deposits that are folded by the D4 high strain zones. High grade shoots within the D4 shear zone hosted lodes are parallel to the intersection lineations with D1 or D3 structures (Figure 15).

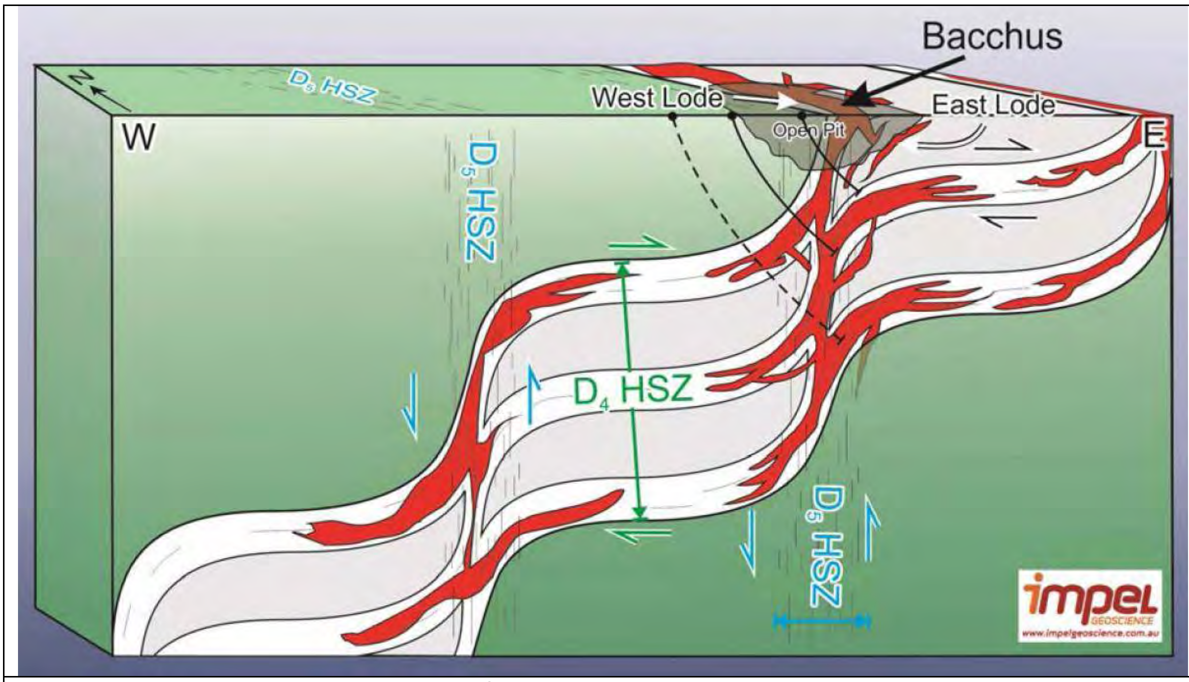


Figure 15: Illustration of the structural controls on gold mineralisation
(Source: Davis, 2010)

7.4.3 Mineralisation

The gold deposits in the BBGP are hosted by amphibolites, which are interpreted to be metamorphosed sediments, basalts and komatiites. These units are intruded by several generations of granites with pegmatites associated with the most recent granite intrusion. These pegmatite swarms have cross cut the gold mineralisation and do not contain significant gold. The volume of the pegmatite as a fraction of the total rock mass is unknown (Hodgson, 2010).

Three styles of gold mineralisation are evident within the project area, laterite hosted, saprolitic regolith supergene mineralisation and primary gold mineralisation. The laterite and supergene gold mineralisation are products of weathering of bedrock mineralisation and occur as sub-horizontal tabular zones. The laterite mineralisation occurs at surface or within 2 to 5 metres of surface. The supergene gold mineralisation can occur some distance vertically (up to 40 metres) beneath the laterite mineralisation with a zone of gold depletion between them.

Both these styles of mineralisation were the focus of previous mining activities in the area. Two mineralised trends have been identified for primary mineralisation, the N-S-striking Bullabulling Trend and the E-W to NW-SE striking Gibraltar Trend. The Bullabulling Trend is described as having the most laterally consistent gold mineralisation and can be traced for over 6km of strike.

Ten mineralised occurrences have been recorded within the project area (Figure 13) and can be subdivided based on the two recognised trends:

Bullabulling Trend

- Edwards – Laterite
- Eyre – Laterite
- Bacchus – Laterite, Supergene and Primary
- Griffin – Primary
- Phoenix – Laterite, Supergene and Primary
- Hobbit – Supergene
- Bourke-Wills-Phoenix – Laterite, Supergene and Primary
- Dicksons – Laterite, Supergene and Primary
- Bonecrusher – Laterite and Primary

Gibraltar Trend

- Gibraltar – Primary

Of these 10 occurrences, two of these, Bacchus and Phoenix, provided the bulk of historical production.

8. EXPLORATION RESULTS & POTENTIAL

8.1 North Queensland Projects

Within EPM 14497 “Khartoum” and contiguous EPM 15570 “Khartoum North”, since 2006 Auzex has defined six prospective areas for tin and tungsten, with the gold potential of the area remaining fully untested (Figure 16). The six prospects are:

- Great Boulder Group in the south (centred on the Great Boulder Mine with production 182 tons cassiterite).
- Denford Group in the centre (centred on the Denford and related mines).
- Normanby Group centred on the abandoned township of Emuford.
- Right Bower group, centred on the twin historical mines of Right Bower and Omeo.
- Gows group (or Glen deposits) in the central east.
- Excelsior group in the southeast near the old township of Brownsville.

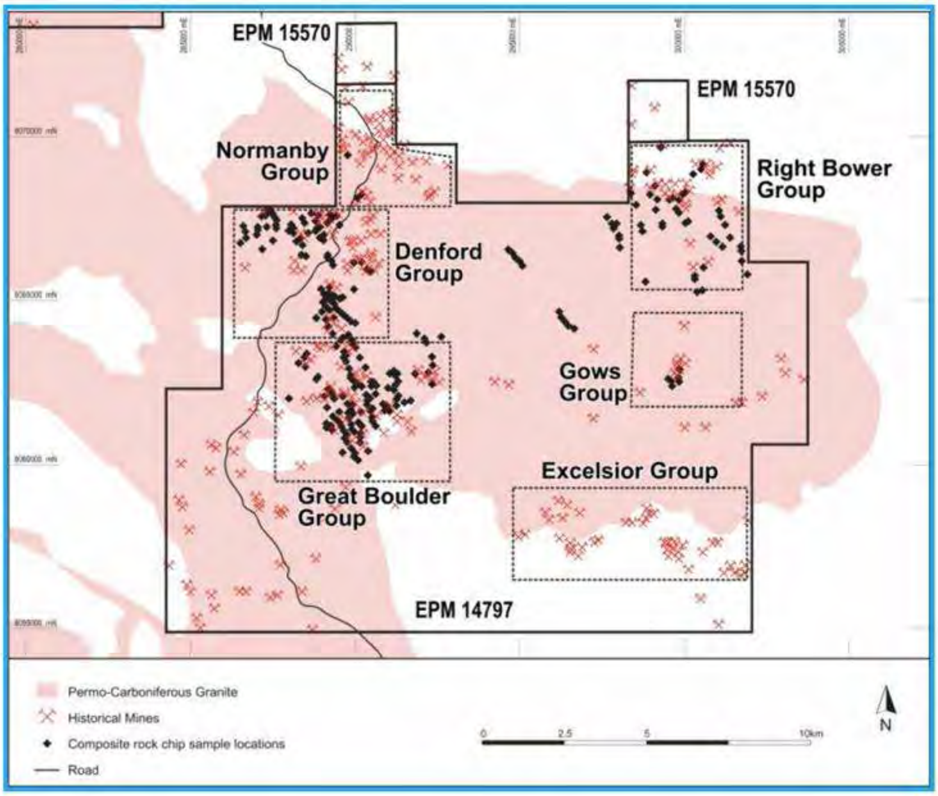


Figure 16. Main prospects, EPM 14497 and 15570.
Figure supplied by Auzex.

Regional mapping and soil sampling initially identified a 9 km by 3 km zone of highly anomalous tin geochemistry with 15 key areas that have soil values up to 1.8% tin and 10% of the samples returned greater than 0.05% Sn. The high grade tin values are developed in soils that form on zones of greisen alteration. The greisen zones are flat-lying or steeply dipping and can be mapped over a 1 km strike length and are up to 50m wide.

Channel sampling was followed up by five RC holes and one HQ diamond hole, for a total of 528m (384m RC, 144m DD). Most holes were designed to test down-dip continuations of outcropping greisen bodies with lower priority drill-targets including structurally controlled linear greisen, soil anomalies and some conceptual targets. Most holes were designed to finish in unmineralised granite. All holes intersected the targeted greisen mineralisation and visible coarse cassiterite was logged in the diamond drill hole within the greisen alteration. Mineralisation was intersected over wide intervals from the surface to a depth of 132m with grades of mineralisation between 0.13% and 0.26% Sn intersected. Narrow zones of high grade tin were also intersected within the broader intersections with 1m at 1.76% Sn from 13m and 1mat 1.10% Sn from 102m in BARD07-05 and 1m at 3.00% Sn from 44m in BARC07-02. The drilling results compare well with the surface sample results.

Of 107 greisens mapped and sampled on the surface, 45 greisen bodies average greater than 0.10% Sn and Auzex estimated tonnage per vertical metre at about 250,000 tonnes per vertical metre at 0.18% using a SG of 2.55. Given many of the greisens form 20-30m hills and drilling intersected mineralisation to a depth of 135m, Auzex assumes that the greisens can be mined to a depth of 150m. This gives a reasonable target for the project of approximately 40 Mt at an average grade of about 0.2% Sn, which is a typical average grade for tin greisen deposits. However, MA would caution that there is no guarantee that this target will be achieved with further exploration.

Initial metallurgical test work, performed on diamond drill core comprising fresh greisen mineralisation, returned a combined tin recovery from gravity and flotation of 71%. This result is considered highly encouraging because significant improvements are likely to be made with modification to grinding and flotation circuit parameters. Mineralogical studies indicate the cassiterite is generally of fine grained (<100µm), free from sulphide and contains only trace stannite (an uneconomic tin mineral. The greisen mineralisation is also anomalous in silver, indium and gallium associated with recoverable zinc and copper sulphides.

Within EPM 14417 (Figure 17), the Galala Range prospect occurs within a large alteration system forming a NE trending zone of sericite-silica alteration measuring 6 km x 4 km. Mineralisation consists of 0.5cm to 1.5m wide flat-dipping quartz veins within a sericite-silica altered biotite-muscovite granite. Auzex interprets the source of the metals to be a shallow buried Late Carboniferous granite.

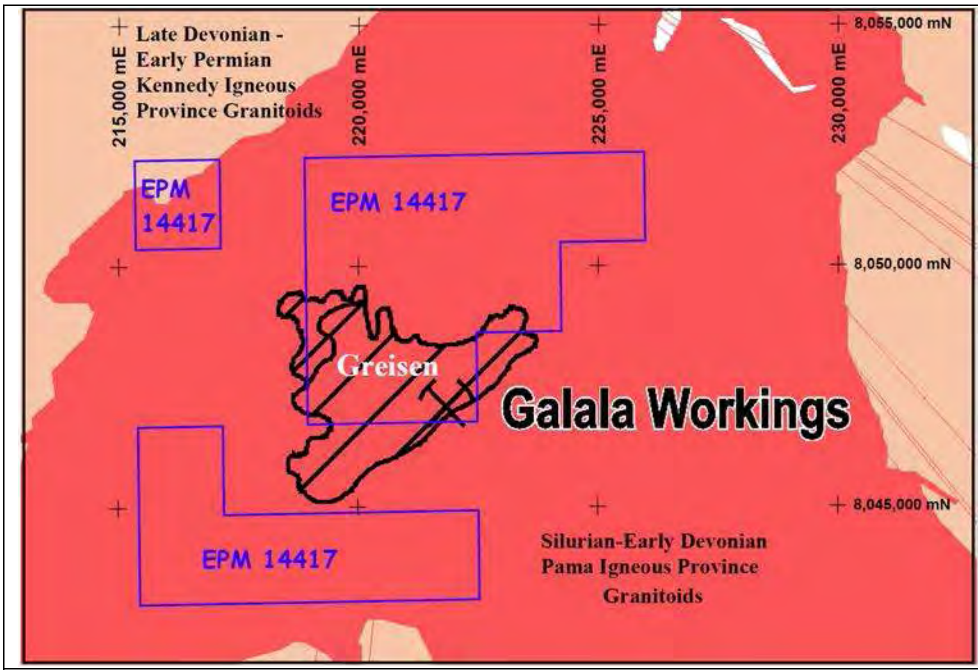


Figure 17. Galala Range prospect, EPM 14417.
Figure compiled by D G Jones on to base map supplied by Auzex.

In July 2006 (Figure 18), a 33 hole first phase RC drill program for 2,838m was completed at Galala over a 2km by 1.5km area. Twelve holes intersected significant widths of tungsten-gold or molybdenum mineralisation at shallow depths. However, the focus became the molybdenum core with better intersections including 14m @ 0.15% Mo from 15m.

Two additional holes (388m total) were drilled in November 2006 focusing on the molybdenum core. Both holes intersected near surface Mo mineralisation with results up to 5m @ 0.2% Mo.

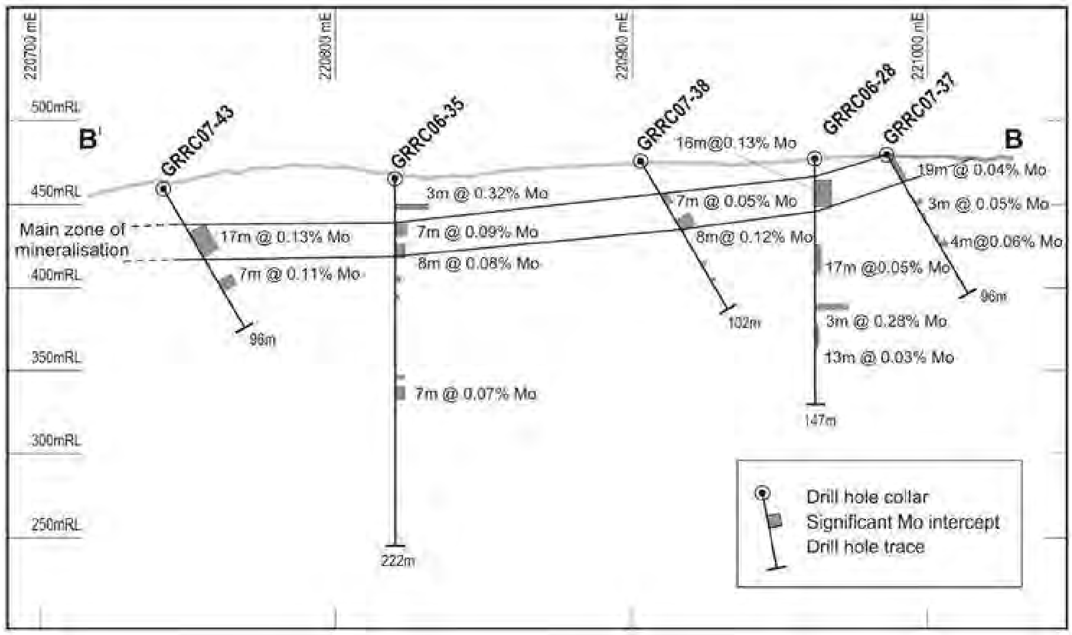


Figure 18. Drill cross-section through Mo-bearing greisen at the Galala Range prospect.
Figure supplied by Auzex.

A further nine holes (for 884m) were drilled in 2007, with results confirming continuity of mineralisation. All holes intersected significant molybdenum mineralisation including 17m at 0.13% Mo from 30m and 7m at 0.13% Mo from 38m. Auzex believes the results from this program were very encouraging highlighting continuity of mineralisation over a 600m by 400m area and confirming the potential for a sizeable molybdenum resource at shallow depth.

To drill out the Galala Mo in soil anomaly covering a 560m x 500m area at a 80m x 80m spacing to a vertical depth of 65m would require 42 holes for 3,360m of RC drilling. If sufficiently encouraging results were received indicating that the molybdenum mineralisation is likely to form a near-surface, continuous flat-lying to shallow dipping zone that displays good grade continuity, then a second stage of drilling to a 80m x 40m may be considered to upgrade the resource. The second stage of drilling at 80m x 40m spacing would require 35 RC drill holes for 2,800m of RC drilling.

Preliminary metallurgical test work has confirmed that the mineralisation is amenable to processing by flotation to produce a molybdenite (MoS_2) concentrate. The mineralisation has no other metals associated with it and should produce a clean concentrate. Additional metallurgical test work is required to assess processing costs and determine recoveries.

The Running Brook prospect is located north of Mt Surprise with initial soil sampling identifying anomalous gold and copper. A 30ppb Au in soil anomaly was defined over a 1km x 300m area. Sampling also highlighted a 150ppm Cu in soil anomaly measuring 1km x 500m that partially overlaps the gold in soil anomaly to the north. Results from follow-up sampling confirm the prospectivity of the region with coherent gold and copper anomalies defined over 900m x 200m and 1,700m x 800m areas respectively. The anomalies overlap but are offset from each other. Work completed to date includes:

- Digital data compilation of previous geochemical data over the permit area.
- A minus 80 mesh soil sampling program was completed at Runningbrook covering a 4.2km x 3.1km area (n=1033).
- Detailed geological mapping and rock chip sampling (n=121).

- Four costeans have been excavated and sampled across Au and Cu soil anomalies at Runningbrook for a total of 1040m. Costeans were sampled as 2m composites and submitted to ALS Townsville for analysis for Au via Au-AA21, Sn via XRF05 and Ag, As, Bi, Cu, In, Ge, Ga, Mo, Pb, Sb, W and U via ME-MS62s.
- A drill program comprising a total of 9 RC holes and 2 HQ diamond holes, for a total of 1196.7m (896m RC, 300.7m DD) was completed at the Runningbrook Prospect.
- Ground based magnetic survey over a 4km x 4.5km area covering the main soil anomaly.

8.2 New England Projects

Within EL 6333, detailed exploration commenced in late 2004 at Kingsgate. Trial mining was successfully completed in December 2006 with results forming part of a scoping study. Drilling of the quartz pipe which was the subject of trial mining revealed an average grade of 0.34% Mo and 0.64% Bi. The amount and grade of bismuth was unexpected and, if maintained, will add significant value to the project.

A scoping study for development of the project (based on an annual processing rate of 250,000tpa at an average grade of 0.23% Mo and 0.23% Bi) was completed in June 2007. This study was based on production of separate Mo and Bi concentrates.

Best results from the resource drilling program include 5m at 1.35% Mo and 0.69% Bi from 42m and 7m at 0.70% Mo and 0.52% Bi from 43m. Drilling was successful in identifying individual mineralised zones (quartz pipes) with the results revealing a much larger scale of mineralisation than had been modelled.

Auzex has defined a diluted target “resource” of some 1.2 Mt of molybdenum pipe mineralisation at a grade of 0.23% Mo and 0.23% Bi. The “resource” estimate does not meet JORC standards and is based on geological data comprising drill results, geophysical interpretations and historical mining records. The estimate is based on 25 individual molybdenum pipes of which 11 are interpreted from geophysical data and the remainder are evidenced by surface historical workings. The estimate is confined to the Central area of the Project.

Whittle optimisations produced a “Diluted Mineable Resource” of 136,489 t at 0.23% Mo and 0.23% Bi, producing pipe material from 17 separate pipes. This “resource” does not meet JORC standards, principally because the mineralisation is very irregular and “nuggety”. The geological and geometrical complexity of the pipe deposits has not been addressed within the “resource” estimate Most pipes with surface workings were not able to be economically extracted any deeper than previously mined, hence a high proportion of the estimate arises from pipes interpreted from geophysical data.

In order to attain a 5 year project life at a process rate of 250,000 tpa, a total diluted mineable resource of 1.25 Mt is required. Consequently some 1.11 Mt or 89% of the Diluted Mineable Resource has been added from the classification of “Exploration Potential” to attain the required inventory. The high percentage of Exploration Potential material added suggests that this study has a strong conceptual basis with respect to the resource estimate.

A feasibility study for development of the project was completed in December 2008, based on downstream processing of high purity silica, ammonium molybdate (or molybdenum trioxide), and bismuth metal or fusible Bi-Pb alloy. According to Auzex, the feasibility study demonstrated this project is economic and financially very robust. Despite metal prices falling dramatically over the second half of 2008, the study indicated the Kingsgate project remains highly attractive for development in the current market, with a relatively low initial capital cost, high operating margin, and short payback period.

The Klondyke/Seven Hills Gold Project is located 40km north-east of Glen Innes, NSW and only 30km from the Kingsgate Molybdenum Project. Seven Hills was initially identified as prospective for gold by the Company's prospectivity modelling in the New England region. No records of historical workings are known for this area. Mineralisation at Seven Hills is hosted by the same granite as the Company's Kingsgate molybdenum project.

Fieldwork in late 2005 was encouraging with rock chip samples assaying up to 2.5 g/t gold. In August 2006, soil sampling and mapping then defined anomalous gold in soils within a 3,500m long by 1,500m wide area of interest. The soil anomalies are typically in the range 100-600ppb gold, up to 2 g/t gold. Anomalous rock chip assays from within this zone have recorded values up to 24.4 g/t gold from limonite rich greisen altered granite sub-crop.

Hand auger sampling and trenching were also carried out in 2006 returning similar gold values to the soil and rock chip sampling. Deep weathering (+20m) caused results of these programs to be sporadic and inconclusive.

In late 2006, Auzex could not secure an appropriate RC drill rig to complete an initial scout drill program at Seven Hills. Consequently, it was decided to carry out a short RAB drilling program using a blast hole rig. This drill rig only allows open hole sampling (where ground conditions allow) to a maximum depth of 21m.

The aim of the 28 hole (313m) RAB program was to test four areas with rock, soil or auger gold anomalies for bedrock gold mineralisation in the 3.5 km by 1.5 km target area reported previously. The best intersections included 13m @ 8.6 g/t Au and 14m @ 1.3 g/t Au.

Subsequent RC programs designed to test continuity and depth potential of the mineralisation provided mixed results. Best results from RC drilling included 8m @ 2.7g/t Au from 3m and 8m @ 2.8g/t Au from 50m. Evidence of coarse gold caused poor repeatability of previous high grade RAB results. Interpretation of all data suggests near-surface enrichment from 0-20m and zones of gold depletion between 20-55m. RC drill results, in general, lack continuity however it is important to note that the second program intersected fresh mineralisation in an area where weathering typically extends below 40m depth.

Induced Polarisation (IP) geophysics was completed over 6.65 line kilometres between RC programs, however drill holes targeting geophysical targets yielded poor results. Drilling based on geology and geochemistry generated better results with a further sixteen geochemical anomalies yet to be tested. Detailed mapping and 3D modelling of the prospect area is required before the next round of drilling.

Previous work at Klondyke consists of historical mining for 184kg of Au from high-grade Au greisen material that is typically only 1 to 2m wide. This was mined at surface and underground in ca late 1800's – today several deep shafts are still evident. More recently, an 8 hole drill program for 350m was done in 1998-99. It appears that the company was solely targeting the greisen vein, intersecting it several times, although typically quite close to the surface. They discontinued further drilling due to short intercepts and limited wall-rock alteration/mineralisation.

Auzex work at Klondyke included a 4 hole RC drill program to follow up on mapping and geochemical sampling in previous years. Coincident and peripheral to the Klondyke Reef prospect, a bulk tonnage intrusion related gold target was located. It is defined by a northwest trending zoned pluton with a strike length of ~15km. One RC drill hole was completed at the Pluton prospect.

Greisen was intersected in all holes and sufficient encouragement was received from the results to warrant additional investigation and drilling. Significant intercepts from the drilling include:

- KDRC09-01 - 1 m wide (true) greisen vein from 57-58m 5 ser 3%py within altered zone from 54-61m. Vein dips approx 80 deg S from surface incl: **2m at 2.8ppm** from 57-59m (incl **1m at 4.1ppm**) within an 8m zone from 53-61m averaging 0.65ppm.
- KDRC10-05 - 0-138 Aplite, wk ser-py greisen alt 43-44m, 73-74m, and 77-90m; minor quartzpy veins and w-m sil-ser alt from 108-110m with best intercept of 2m at 0.045ppm Au.

8.3 New Zealand Project

A diamond core drilling program commenced at the Lyell Project in March 2011 targeting a 3000m long gold soil anomaly associated with the Alpine United and Leader historic gold mines (Figure 19). The aim of the program is to determine whether zones of low grade gold mineralisation (2 -3 g/t Au) occur as shallow halo mineralisation associated with alteration around previously mined narrower high grade quartz lodes (average 17 g/t Au), and to explore for new repetitions of the high grade lodes at depth.

A total of 6 diamond holes for 1630m are planned to drill test the two target areas. The program is expected to take approximately 60-70 days of drilling to complete,

The first holes, ARD-1, was completed at 127.1m and the second, ARD-2, was at 140m on 15 April 2011 with a target depth of 150m. Strong quartz veining was intersected between 90 and 98m down hole, containing limonite alteration after sulphide. To date no assays have been received from the 110 samples from hole ARD-1 that were despatched from site on 10 April 2011.

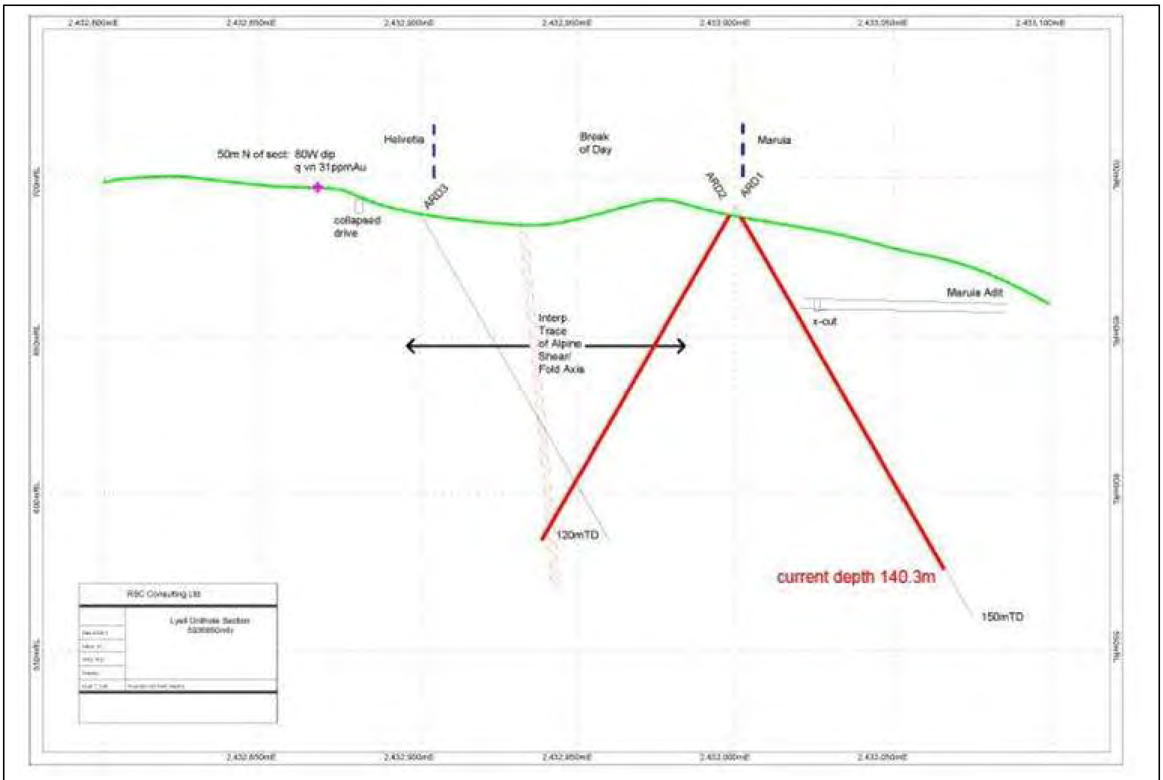


Figure 19. Section showing current and planned drill holes at Lyell as at 10 April 2011.
Figure supplied by Auzex.

8.4 Bullabulling Gold Project

Since acquiring the BBGP, the following exploration has been conducted (Table 9):

Table 9: Exploration since April 2010

Exploration and development Programmes	Time Line
Bullabulling Sale & Purchase Agreement signed	Completed April 2010
Structural study	Completed May 2010
Drill database updated and independently validated	Completed June 2010
Aerial Survey And DTM	Completed
7 hole (1,432m) diamond drill hole program	Commenced June 2010
Petrography Work	Completed
Significant resource upgrade (CSA Report)	Completed August 2010
Engineering Scoping Study completion (Cube Report)	Completed November 2010
Bankable Feasibility Study	Commenced October 2010
Further resource and exploration drilling commences	Commenced October 2010
Met Testing - options study for plant	Completed April 2011
Hydrology	Commenced February 2011
Bankable Feasibility Study completed (estimate)	December 2011
Targeting 18-24 month production target (estimate)	December 2012

The resource estimation upgrade included the review of all historical exploration data, structural mapping and interpretation, resource modelling, validation diamond drilling and scoping level mining studies. This work also included a diamond drill program designed to validate the geological interpretation and historic drilling results, plus:

- Test the new resource model.
- Target known mineralisation over a 2.5 km portion of the Bullabulling Trend between Bacchus and Phoenix pits.
- Provide detailed structural information relating to gold mineralisation.
- Capture detailed geological information across the full extent of the Bullabulling Shear Zone.

All but one of the holes intersected the mineralised zones as predicted with the tenor of mineralisation similar to historic holes. Some holes were extended below the extent of the resource model (100 metres) confirming mineralisation extended at depth. Results from this drill program are summarised in Table 10.

Table 10: Bullabulling Gold Project, Due Diligence Diamond Drill Results

Hole ID	Northing	Easting	Azimuth	Dip	From (m)	To (m)	Width (m)	Au (g/t)
AZBBRD0001	6566114.1	299198.6	090	-50	93.00	94.00	1.00	4.59
					111.00	122.00	11.00	0.51
			Including		111.00	113.00	2.00	1.30
					126.00	141.00	15.00	1.64
			Including		132.00	136.00	4.00	4.91
					277.00	278.00	1.00	2.15
					316.00	317.00	1.00	2.02
					354.42	370.00	15.58	1.26
			Including		354.42	360.00	5.58	1.93
			Including		365.00	370.00	5.00	1.66
AZBBRD0002	6566371.5	299276.5	070	-50	No Intercepts Recorded			
AZBBRD0003	6566538.5	299290.2	090	-60	63.00	109.00	46.00	0.76
			Including		63.00	66.00	3.00	5.38
			Including		86.00	87.00	1.00	6.62
AZBBRD0004	6567383.0	299843.1	090	-60	77.00	91.00	14.00	1.67
			Including		87.00	91.00	4.00	4.41
					107.25	113.00	5.75	3.09
AZBBRD0005	6567578.8	299712.1	090	-60	68.00	78.00	10.00	0.89
					156.00	161.00	5.00	1.54
AZBBRD0006	6565941.6	299432.0	105	-50	1.50	4.00	2.50	2.10
					30.00	32.00	2.00	1.06
					53.00	64.00	11.00	0.52
					144.00	169.00	25.00	1.69
			Including		144.00	145.00	1.00	37.40
AZBBRD0007	6567581.0	299839.0	090	-60	3.00	10.00	7.00	1.09
					25.00	31.00	6.00	0.46
					46.00	47.00	1.00	1.97
					59.00	61.00	2.00	0.78

In MA's opinion the work programmes conduct at BBGP are considered and evidence suggests they were carried out effectively in a timely manner. While MA has not undertaken an audit of the geological data as part of this review, from discussions with project staff, and review of geological reports, rock boards and drill core, MA considers that the geological investigations have been thorough and the drilling, logging, sampling and assaying procedures adopted are appropriate and in accordance with industry standards.

Photo 1 Resource Development Drilling - Bacchus Deeps.

Photo 2 Laterite Pit - Bone Crusher.

Photo 3 Depletion Zone and Ore in Hobbit Pit..


Photo 4 Primary Gold Mineralisation in base of Phoenix Pit, evidence of sulphide oxidation.

The geology and mineralisation controls at BBGP are reasonably well understood by technical staff, however the geology is complex and mineralisation is both structurally and lithologically controlled. It was prudent of Auzex technical staff to invest the initial five months of the exploration and development programme to understanding the geological setting, mineralising systems and controls and then planning drill holes specifically to identify the most prospective ounces for reserve conversion.

Auzex geologists have identified an area between southern limit of Bacchus South and to immediately north of Phoenix over a strike of 2.3 km and between 400 and 800m across the Bullabulling shear zone for selected infill drilling. This zone has been identified for initial resource upgrade and subsequent conversion to reserve. CSA provided a recommended drill spacing to outline Inferred, Indicated and Measured resources. This drill density has been endorsed with minor modification by the current resource consultants, Snowdens (pers. comm. G. Partington). MA has reviewed CSA geostatistical analysis (variograms) and considers CSA recommendations appropriate. Given that Snowdens are going to unfold the data for their geostatical analysis and modelling, MA anticipates that if the variability between sample locations is reduced through this modelling process allowing a better interpretation, it may result in a high proportion of measured and indicated category resources from the same drill hole density.

Drilling at the other prospects (Gibraltar to the south and various laterite pits north of Hobbit) is wider spaced and the geology is generally less-well defined. Historically, most mining and exploration has concentrated on structures hosting gold along the sediment ultramafic contact, usually with significant success. Traditionally few drillholes have targeted the lower ultramafic-mafic contact, except at the Gibraltar pit where significant higher grade mineralisation was intersected.

Auzex as part of this exploration programme has mapped structures along this contact for over 14 km parallel to the sediment hosted shear zones. This zone represents a significant new conceptual target that could add significantly to the resource if mineralised. Combined with the significant intersections recorded in the drill hole database in the Gibraltar area, MA agrees with Auzex that there is high potential to outline additional mineable mineralisation.

10. MINERAL RESOURCES & MINERAL RESERVES

10.1 Bullabulling Gold Project

The following is extracted from the CSA Independent Geologist's Report (Fahey, 2011) and, the CSA 2010 Mineral Resource Estimate (Hodgson, 2010):

Table 11: BBGP GSA 2010 Resource Estimate.

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**

(Source: Hodgson, 2010)

The mineral exploration properties within the BBGP contain several known gold mineralised occurrences. The BBGP joint venture commissioned CSA in 2010 to produce a Mineral Resource estimate for the BBGP based on historical drilling and recent structural interpretations (Table 11).

Reporting of Mineral Resources is required to follow a set of guidelines defined by the Joint Ore Reserves Committee in 2004, commonly referred to as the JORC Code (2004). The JORC Code outlines key criteria to consider in Mineral Resource reporting. These include drill density, survey control on drill hole location, knowledge of geology/mineralisation controls (mostly from open pit mining), data quality (incorporating a quality assurance and quality control ("QAQC") assay program and data management program) and resource estimation process including appropriate upper and lower grade cut-offs.

The BBGP legacy drill hole database acquired by the joint venture comprised 15,134 drillholes (Table 12). After removing holes of uncertain location, and holes outside the area of interest and costeans, there were 10,572 drill holes remaining

Table 12: BBGP Drill Hole Statistics for CSA 2010 Resource Estimate			
Drill Hole Type	**Number of Holes**	**Total Metres**	**Comments**
Unknown	1,044	9,194	Gibraltar Pit
Auger	5	7	
Aircore Drilling	189	8,055	
Rotary Air Blast Drilling	4,854	127,888	
Diamond Drilling	48	4,977	
Pit	4,387	185,625	Gibraltar Pit
(Source: Fahey, 2010)			

CSA noted that the BBGP joint venture has validated and cross checked historical drilling data to ensure compliance with the criteria as outlined in the JORC Code. The digital data was filtered to remove data of uncertain location or validity. The BBGP joint venture was satisfied the historical information relating to Mineral Resources was appropriate for use in the Mineral Resource estimation process.

Only RC drilling and Diamond drilling were used in the Mineral Resource modelling. Several Mineral Resource estimation techniques were applied to the mineralised area. Results from each estimation technique were cross checked against drill sections and reconciled against historical production. An uncut Ordinary Kriged technique was deemed the most appropriate to report the Mineral Resource estimate for the BBGP at a series of cut-offs (Table 13). A summary of the estimation technique and parameters is provided in Appendix 2.

Table 13: BBGP GSA 2010 Resource Estimate
Ordinary Kriged Grade Tonnage Reporting at Various Cut-Offs

	Indicated Mineral Resource			**Inferred Mineral Resource**			**Total Mineral Resource**		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
0.5 g/t Cut-Off				75,01	1.08	2,611,800	75.01	1.08	2,611,800
0.7 g/t Cut-Off				41.52	1.5	1,981,600	41.52	1.5	1,981,600
1.0 g/t Cut-Off				22.20	2.1	1,468,400	22.20	2.1	1,468,400

(Source: Fahey, 2010)

Note: The resource for each cut-off grade is quoted for blocks with a grade of greater than the nominated cut-off grade. Differences may occur due to rounding.

The information in this report that relates to the Mineral Resource is based on information compiled by Steven Hodgson of CSA Global Pty Ltd, who is a Member of the Australian Institute of Geoscientists.

Steven Hodgson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steven Hodgson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

To ascertain the veracity of the Ordinary Kriged Mineral Resource estimate, the estimate was compared to production figures reported by Resolute for the Bacchus North and Bacchus South open pits (summarized in Table 4), comprising approximately 3.0 million tonnes grading 1.59 g/t Au for 155,795 ounces Au. CSA understands the cut-off grade applied during mining was 0.7 g/t Au, comparable to the Ordinary Kriged reporting cut-off grade. Within the two pit profiles, the Ordinary Kriged Mineral Resource estimate reported 2.9 million tonnes grading 1.62 g/t Au for 151,000 ounces.

CSA Estimation Techniques and Parameters (Fahey 2011)

Sampling Data, technical and geological input were provided by BBGP JV.

The drill hole samples were flagged with lithology, structural domains and weathering codes based on constructed wireframes and surfaces.

Top cuts were applied to the Au values, to avoid potential estimation bias, top cuts applied varied between 7 g/t and 11 g/t depending on lithology and structural domains.

Log variograms were modelled and resultant parameters used in the estimation process. A volume block model was constructed with parent block sizes of 10m x 20m x 3m (X x Y x Z).

Ordinary Kriging (OK) was used to estimate grades into the parent blocks for Au, with a Multiple Indicator Kriged (MIK) estimate used for comparison. Search ellipse orientation was based on the overall geometry of the mineralisation. The search radii doubled for the second pass and tripled for the third pass.

A minimum of 6 samples and a maximum of 32 samples were used to estimate the sample grades into each block for the first and second passes. The minimum number of samples was reduced to 2 for the third search pass.

A maximum of 5 samples from any one drill hole were used per block estimate, with cell discretisation of 3 x 3 x 1 (X x Y x Z), and no octant based searching utilised.

The results of the grade estimation were validated by means of visual comparison along sections, statistical analysis and trend plots comparing the estimated block grades and the drill hole sampling grades.

Densities used were 1.69 t/m^3 for completely weathered material, 2.07 t/m^3 for moderately weathered material, 2.39 t/m^3 for weakly weathered material, and 2.61 t/m^3 for fresh rock.

The Mineral Resource was classified as Inferred, based on current drill coverage, lack of QAQC information and low number of bulk density values.

CSA (Hodgson, 2010) concluded that the BBGP Mineral Resource estimate is 41,517,000 tonnes @ 1.48 g/t for 1,981,600 contained ounces based upon a 0.7g/t gold cut off above the 315RL. The uncut OK Mineral Resource estimate was used as these block model grades had the best correlation with the drill hole values, and the uncut OK estimate appeared to correlate with the previously reported tonnes and grade from the Bacchus open cuts.

The deposit was classified, as per the JORC Code (2004 Edition), as Inferred due to the lack of QAQC and low number of bulk density values.

There are eight structural domains comprised of seven continuous north-south trending domains and one domain located to the east. Of the seven north-south domains, mineralisation is subhorizontal for the Laterite domain and dips 30 to 45 degrees to the west for the remaining six domains. The eastern domain, Gibraltar, dips to the south.

The gold range and distribution show a surprising amount of consistency between the eight structural domains. The seven north-south structural domains have similar gold grades and distribution, while the eastern structural domain, Gibraltar, has a lower grade and a marginally shorter upper tail.

The high number of low grade, <0.1g/t, drill hole samples over the whole area, coupled with the high density of samples greater than 0.4 g/t over a much smaller area complicated statistical analysis of the data.

CSA recommended that the mineralisation be constrained using smaller domains for future resource estimations. Gold values range up to 183g/t, however top cuts of 7 to 9g/t, depending on the domain, were applied, excepting the Gibraltar domain where a top cut of 11g/t is recommended. Spatially, the cut values are spread evenly throughout the BBGP and do not show evidence of clustering.

The model was constrained by large structural domains, as provided by Davis (2010) and agreed upon by the Auzex geologists. The search ellipse used had a low number of maximum samples to prevent smearing of grade between the mineralised and unmineralised zones, and also to more accurately reflect the drill hole grade values.

The Mineral Resource estimate was based on historic drilling and the tonnage and grade appear to be sensitive to small variations in drill hole grade. The sensitivity may decrease when looking at individual deposits within the BBGP.

CSA recommended that the accuracy of the historic drilling be confirmed by twinning a representative number of the historic RC holes. Generally 10% of the historic drill holes are twinned; however given the number of historic holes, this would be an excessive number of holes. CSA also recommended that two to three holes, depending on the width of mineralisation, at 50m section be twinned. Should the correlation between the historic and new drill hole be poor, then further twinned holes will be required. RC holes to be twinned should include historic holes from different drilling campaigns and different structural domains.

CSA noted that a series of unmineralised pegmatites crosscut the gold mineralisation. If it is possible to mine the pegmatites separately from the mineralised pods, then the pegmatites volumes should be modelled separately in future Mineral Resource estimates. The percentage volume of the pegmatites should be recorded in future drilling for metallurgical purposes.

The depth of the different weathering profiles requires validation and needs to be defined more accurately before the Mineral Resource classification category can be improved.

Bulk density values are required for each domain and at different depths or weathering profiles. Small changes in density can have a major affect on the tonnage, particularly in the strongly weathered zones which have a low bulk density i.e., 1.6 g/cm^3.

The cut and uncut OK resource estimates vary significantly in contained ounces and require further investigation. The effects of the uncut high values could be reduced by increasing the maximum number of samples for per-cell estimates; however this could result in increased grade smearing. The uncut OK estimates matched the reported mining reconciled data. However an upper cut is generally applied to minimise the nugget affect.

The difference in the cut and uncut ounces is attributed to the large structural domains and the even spread of the cut gold values through the BBGP. Top cutting the gold values had a marked effect on the contained ounces. This highlights the sensitivity of the top cutting the Mineral Resource estimate.

Nearly 50% of the estimated contained ounces were estimated with the third search ellipse. Given the Inferred status of the Mineral Resource estimate, it was considered appropriate to include the third search ellipse estimation within the resource. It is clear that additional infill drilling would be required to improve the resource classification of this resource.

11. METALLURGY

11.1 Bullabulling Gold Project

The historical testwork programs at BBGP focused on oxide and transitional ores. There is limited testwork on primary ore in very early work, and a single Gibraltar composite. Most testwork performed was consistent with screening testwork programs for conventional CIL gold treatment, with some heap leach testwork also carried out.

A metallurgical testing programme is currently underway as part of the Scoping Study, the results for which are not currently available. The program includes new metallurgical comminution, recovery and variability testwork. The consultants have commenced modelling potential processing and plant capital costs, assuming a base case of 5.0 Mtpa. Preliminary crushing, mill and plant design work will also be carried out. This information will then be used to optimise plant through-put and define operating and capital costs for the planned reserve estimation.

12. ENVIRONMENTAL CONSIDERATIONS

12.1 Bullabulling Gold Project

The operations and proposed activities at BBGP are subject to State and Federal laws and regulations concerning the environment.

Aboriginal Heritage

A search of the DIA Register of Aboriginal Sites on 8 December 2010 reveals the following sites (Table 14) within the Tenements which must be protected in accordance with the *Aboriginal Heritage Act 1972* (WA):

Table 14: Registered Aboriginal Sites.

Tenement	**Site No**	**Site Name**	**Site Type/Description**
L15/218, L15/222	W01755	Gibraltar Rockholes	Mythological, Water Source
L15/218, L15/222, M15/483	W01756	Gibraltar Stone Arrangement	Mythological, Man made structure
M15/503	W00377	Coolgardie	Artefacts/Scatter

Rehabilitation

The Tenements are subject to unconditional performance bonds (approximately $1.2 million, of which the Auzex has funded 50%) to cover the anticipated cost of rehabilitation of historical mining on the Tenements. The bonds may be increased in the future, either in relation to historical mining or new mining activities. In addition, the actual rehabilitation costs may be in excess of the amount of the bonds.

Rehabilitation of any current and future exploration disturbances will be necessary and will need to be conducted in accordance with the conditions of the Tenements, as well as any conditions of any additional consent that might be issued in accordance with the requirements of law or those conditions.

The activities conducted under the authority of the Tenements are likely to result in the creation of environmental liabilities for the holders. The environmental liabilities will commence when exploration causes on-site ground disturbance. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect to that area will cease.

Exploration and mining activities may attract additional costs in respect to Native Title consultation, negotiation and compensation payments and cultural heritage site clearances.

13. MINING & PROCESSING OPERATIONS

There no operating mines among the Auzex assets.

14. KEY ASSUMPTIONS, RISKS & LIMITATIONS

14.1 Assumptions

The Projects generally have a long history of assessment and exploration. Historical work was not documented to the current standards demanded by modern disclosure requirements. Hence a judgement has had to be made as to the weighting given to each element of the data available

14.1 Material Risks

The material risks faced by any future development of the Projects are no different from those faced by other mining and processing operations in Australia.

14.1.1 Operating Risks

Mines by their nature are subject to many operational risks and factors that are generally outside of the control of the operator and could impact the business, operating results and cash flows. These operational risks and factors include, but are not limited to:

1. Unanticipated ground and water conditions and adverse claims to water rights.
2. Geological problems, including earthquakes and other natural disasters.
3. Metallurgical and other processing problems.
4. The occurrence of unusual weather or operating conditions and other force majeure events.
5. Lower than expected ore grades or recovery rates.
6. Accidents.
7. Delays in the receipt of or failure to receive necessary government permits.
8. The results of litigation, including appeals of agency decisions.
9. Uncertainty of exploration and development.
10. Delays in transportation.
11. Labour disputes.
12. Inability to obtain satisfactory insurance coverage.
13. Unavailability of materials and equipment.
14. The failure of equipment or processes to operate in accordance with specifications or expectations.
15. Unanticipated difficulties consolidating acquired operations and obtaining expected synergies.
16. The results of financing efforts and financial market conditions.

In addition, any company's business depends on its ability to attract and retain skilled and experienced employees. There is significant competition between mining companies for key executives and other employees with applicable technical skills and experience in the mining industry.

14.1.3 Financial Risks

14.1.2.1 Metal Price Volatility

The financial performance of any mine is heavily dependent on the price of the commodity produced, which is affected by many factors beyond the control of the mining company. The price of commodities as reported publicly is influenced significantly by numerous factors, including:

1. The worldwide balance of demand and supply.
2. Rates of global economic growth and trends in energy consumption, both of which correlate with demand for minerals.

3. Economic growth and political conditions in China, which has become the most rapidly-expanding minerals consumer in the world, and other major developing economies such as India.
4. The decline in availability of secondary sources of minerals, e.g. scrap copper.
5. Technical or regulatory problems could reduce mine supply.
6. Material owned by speculators and investors could temporarily flood the market.
7. Currency exchange fluctuations.

In addition, sustained low metal prices could:

- Reduce revenues as a result of production cutbacks due to curtailment of operations or temporary or permanent closure of mines or portions of deposits that have become uneconomical at the then prevailing copper prices.
- Delay or halt exploration or the development of new process technology or projects.
- Reduce funds available for exploration and the building of ore reserves.

14.1.2.2 Energy Costs

Energy represents a significant portion of the production costs of mining operations. If miners are unable to procure sufficient energy at reasonable prices in the future, it could adversely affect profits and cash flow.

14.1.3 Environmental Risks

The Herberton-Mount Garnet region, in which Auzex's North Queensland tenements are located, has a long and continuing history of mining. No unusual environmental risks that are not faced by current mining operations in the area have been identified in the Auzex tenements.

Golder Associates conducted an environmental assessment for the Kingsgate project in New England with the primary objective of identifying the more significant environmental impacts and risks associated with the project, and clarifying the approval process. The environmental study was conducted primarily by desktop assessment.

The risks and impacts identified by Golder Associates are broadly defined in the following categories:

- Air quality, noise and vibration impacts on local residents;
- Surface and groundwater impacts, particularly those associated with ARD potential (though this has been downplayed by benign results of the tailings column leach test work) and seepage contamination from tailings disposed into pit voids;
- Yarrow River impacts arising from water extraction;
- Flora and flora impacts – threatened species, infiltration of weeds; and
- Soil erosion and sediment losses.

At the Lyell project in NZ the bush, mostly beech, is 30-80 years re-generation and contains moderate to significant flora values. The values of the site although moderate to high will not be significantly affected by the current drilling operation, according to the NZ Ministry of Conservation. The disturbance to historic sites will be low and only the old tracks which will be used to access the exploration sites. There are significant recreational and historic values that would make it likely that any application for full scale mining will be closely scrutinised by the Ministry.

At Bullabulling, there is a risk that the unconditional performance bonds may be increased in the future, either in relation to the past historical mining or new mining activities. In addition, the actual rehabilitation costs may be in excess of the amount of the bonds. The future activities conducted under the authority of the Bullabulling tenements are likely to result in the creation of environmental liabilities for the holders. The environmental liabilities will commence when exploration causes on-site ground disturbance. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect to that area will cease.

14.1.4 Permitting Risks

Mining operations and exploration activities are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, protection of endangered and protected species, mine safety, toxic substances and other matters. Mining also is subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production. Compliance with these laws and regulations imposes substantial costs and subjects mining companies to significant potential liabilities.

The laws and regulations that apply in Australia are complex and are continuously evolving. Costs associated with environmental and regulatory compliance have increased over time, and it is expected that these costs will continue to increase in the future. In addition, the laws and regulations that apply may change in ways that could otherwise have an adverse effect on operations or financial results. The costs of environmental obligations may exceed the reserves established for such liabilities.

Mining operations are subject to various stringent federal, provincial and local environmental laws and regulations related to improving or maintaining environmental quality. Environmental laws often require parties to pay for remedial action or to pay damages regardless of fault and may also often impose liability with respect to divested or terminated operations, even if the operations were terminated or divested many years ago.

15. VALUATION

15.2 Currency & Exchange Rates

The currency used in this Valuation is the Australian dollar ("AUD$"). The exchange rates utilized are the Monthly and Annual Noon Exchange Rate Averages published by the Reserve Bank of Australia (http://www.rba.gov.au/statistics/frequency/exchange-rates.html). The price index used is the historical Consumer Price Index published by the Reserve Bank of Australia (http://www.rba.gov.au/inflation/measures-cpi.html).

15.3 Database

The database used for the valuations includes all the 306 company reports lodged with the QLD DME, the WA Mineral Tenement Office, the NSW DPI and NZ Crown Minerals relevant to the tenements, together with geological survey reports (including those from GeoScience Australia), public company announcements, annual reports, annual information forms, management discussions and analysis, news releases and NI43-101 technical reports filed under SEDAR.

15.4 Market Approach – Comparable Transactions

Information used for this section on comparable transactions has been sourced from the Public Domain including ASX announcements.

For the Market Approach valuation of Auzex's Exploration Projects, some 60 transactions that occurred in the period 2007-2011 have been examined. Of these, 16 have been analysed in detail and a summary of each is set out below. Metal prices used to calculate metal equivalents are London Metal Exchange ("LME") quotations in USD$ at close on Thursday 21 April 2011 and include antimony (USD$18,000/t), bismuth (USD$26,500/t), copper (USD$9,600/t), gold (USD$1,500/oz), molybdenum (USD$37,000/t), tin (USD$32,650/t) and tungsten (USD$30,000/t).

For the Market Approach valuation of Auzex's Advanced Exploration Project, the Bullabulling Gold Project, some 30 transactions that occurred in the period 2005 to 2011 have been examined. Of these, 24 have been reviewed in detail and a summary of each is set out in Table 21. Gold prices used were obtained from Kitco, historical foreign exchange from www.onanda.com.

15.4.1 Comparable Transactions – Exploration Projects

15.4.1.1 Red Hills, Texas USA

On 6th April 2011 Tosca Mining Corp. ("Tosca") reported that it had completed due diligence on the Red Hills Moly-Copper Project and signed a formal agreement to purchase the 100% ownership of all mineral and surface rights of the property. The agreement calls for payments of USD$10.9M and the issuance of 2.1 million common shares to the Sellers of the property over a five year period. The Sellers will retain a 2% net smelter return over the Red Hills property.

The 11.65 sq km Red Hills project lies along a 7 km long mineral district characterised by significant occurrences of precious and base metals, including the Shafter-Presidio silver deposit. Located 27 km north of the border town of Presidio which is served by US highway 67 and the South Orient Railroad, the property has access to water from adjoining properties and a major power line serves the Shafter silver property located t km east of Red Hills.

The Red Hills project consists of a large molybdenum porphyry system overlain a by a copper (chalcocite) enrichment blanket developed below the oxide-sulphide transition zone. Eighty eight holes were drilled on the property between 1955 and 1972. This work led to the identification of a historical estimate of 17Mt grading 0.35 Cu% with associated molybdenum mineralisation in the shallow copper blanket. This estimate does not meet the standards of the JORC Code. The previous activity also led to the discovery of a linear trend of high grade copper mineralisation defined by three vertical holes which included 33.55 m of 9.09 % Cu. Based on historic drilling, the molybdenum mineralisation occurs within a horseshoe shaped area measuring 1,000 m x 200 m and is open in two directions and at depth. Although many of the holes drilled in the molybdenum system were stopped in mineralisation at shallow depths, the deeper holes were mineralised throughout.

At the time of the agreement, Tosca's share price peaked at CAD$0.55, subsequently settling to CA$0.45. Assuming an average CAD$0.50 per share, the 2.1 million shares to be issued to the Sellers would be worth CAD$1.05M (AUD$1.05M). Added to the USD$10.9M (AUD$10.53M) cash this transaction values the Red Hills project at AUD$11.6M (excluding the 2% NSR royalty). Typical buyout costs for royalty equate to USD$0.5M to USD$1.0M per 1% NSR. Using USD$1.0M for the 2% Red Hills NSR, the transaction places a total value on Red Hills of around AUD$12.6M.

The notional content of around 60,000t of copper in the Red Hill historical resource equates to 15,400t of molybdenum. The Kingsgate "target resource" of 1.2Mt @ 0.23% Mo and 0.23% Bi equates to 4,740t of contained molybdenum equivalent, i.e. around 30% of the Red Hill equivalent resource. This equates to a value of 30% of AUD$12.6M for Kingsgate, i.e. AUD$3.88M.

15.4.2 Logan, BC Canada

On 23rd March 2010, Wallbridge Mining Company Limited ("Wallbridge") announced that it had signed an option agreement with Paget Minerals Corporation ("Paget") to acquire a 100% interest in their Logan Property, which is located 70 km north of Pemberton, BC and wholly enclosed within Wallbridge's White Cross property (Figure 20).

The White Cross property is one of seven properties which Wallbridge has acquired in south-western BC over a newly recognized belt of Miocene-age intrusive rocks which are highly prospective for copper-molybdenum-gold mineralisation. With the addition of Paget's Logan Property, the White Cross property now consists of 116 sq km and covers the entire extent of one of these intrusions, which hosts widespread molybdenum mineralization and is associated with the largest molybdenum stream sediment anomaly in south-western BC.

Paget Minerals Logan property hosts numerous occurrences of molybdenum mineralisation distributed within a 15 km long arc along the contact between a fine-grained to porphyritic leuco-granitic core and a coarser-grained, marginal equivalent. The property was explored for molybdenum by channel and chip sampling, and diamond drilling in the 1960’s and 1970’s by BP Minerals, Utah Mines and Amax Minerals. This work identified molybdenum mineralisation over widths of 10’s of metres across the contact zone along the 15 km long arc and discovered mineralisation over vertical exposures of 100’s of metres.

There is no record that previous property owners analysed samples for rhenium (Re), however, in 2008 Paget assayed six samples for rhenium, three returned anomalous values including one with a rhenium value of 82 g/t Re in a sample that returned 0.857% MoS_2 (0.514% Mo).

Wallbridge can acquire a 100% interest in the Logan property by paying Paget $53,000 and subject to TSX approval, issuing voting common shares representing $150,000 in value in a new company, Miocene Metals Limited, to be incorporated for the purposes of holding Wallbridge’s 2 portfolio of BC Properties. Such issuance per share will be at the same value per share as common shares issued to Wallbridge for the value of the Wallbridge’s BC Properties being vended into the new company, and such shares shall be issued within a period of eight months from the date of the execution of this Option Agreement. Upon making the above payments, Wallbridge will acquire a 100 % undivided interest in the Property. The agreement is subject to a 2 % Net Smelter Return Royalty, half of which can be purchased by Wallbridge for $500,000.

The transaction values the Logan property at CAD$1.203M (including the 2% NSR) or AUD$1.12M. It could be equated to EL 6408 in New England.

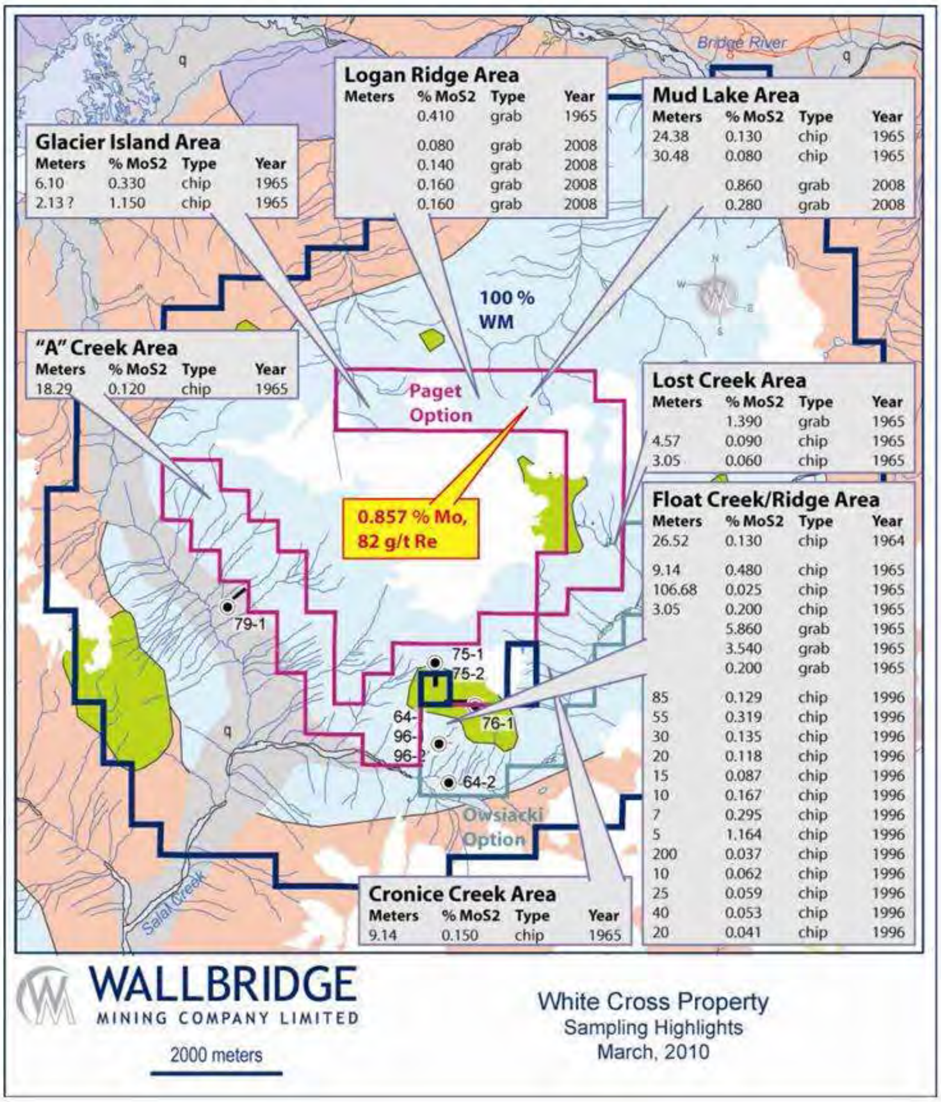


Figure 20. Sampling results, Logan Property BC.
Figure from Wallbridge website.

15.4.3 Sprogge, Yukon, Canada

On 12th April 2011, Northern Tiger Resources Inc. ("Northern Tiger") announced that it had executed an Option Agreement with Alexco Resource Corp and Newmont Canada Corporation, a subsidiary of Newmont Mining Corporation ("Newmont") (the "Vendors") for the Sprogge property. The Sprogge property is located in southeast Yukon and adjoins the eastern boundary of Northern Tiger's 3Ace Property, where the Company recently announced a new gold discovery, including a drill-hole intercept grading 14.8 g/t gold over 10.9 m.

The most advanced target on the Sprogge Property is the Sugar Bowl Zone, defined by a highly anomalous gold and pathfinder element geochemical signature measuring 2,400 m by 1,200 m. A 1,200 m by 600 m core area averages more than 200 ppb gold in soils and returned a maximum gold-in-soil value of 10.3 g/t Au. Rock chip samples taken along a 2.5 km ridge bisecting the Sugar Bowl Zone contain numerous multi-gram gold values up to a maximum of 34.8 g/t Au, and including 6.9 g/t Au over 12.0 ms and 9.6 g/t Au over 4.0 m. Four holes (762 m) drilled in 2000 intersected considerable hydrothermal alteration, but did not replicate the grades found in the surface exploration.

The drilling program was hampered by poor weather, and only tested the lowest elevation targets along the northern boundary of the surface anomaly. Most of the Sugar Bowl Zone remains to be drill tested, and a number of other geochemical targets warranting follow-up have been identified on the property.

The Option Agreement, which is subject to TSX Venture Exchange approval, provides Northern Tiger with an option to earn a 100% interest in the property from the Vendors. Under the terms of the proposed agreement, Northern Tiger will be required to make cash payments of CAD$0.5M over a three year period and incur CAD$1.0M in exploration expenditures over a four year period. The Vendors will retain a 2% net smelter return interest (NSR) on the property. Northern Tiger can purchase 1% of the NSR for CAD$1.0M. The Vendors will have a first right of offer on any proposed sale of the property for four years.

The transaction values the Sprogge property at CAD$3.5M (AUD$3.5M). Sprogge could be regarded as equivalent to the Lyell project in NZ.

15.4.4 Wild Cattle Creek, NSW Australia

On 20th December 2010, Anchor Resources Ltd ("Anchor" announced that an unwelcome takeover bid had been received from China Shandong Jinshunda Group Co. Ltd ("Jinshunda") for 100% of the company, bidding AUD$0.28 per share or AUD$14M for 100%.

Anchor's only significant project is the wholly owned Bielsdown antimony project in New South Wales, north of the town of Dorrigo, which includes the Wild Cattle Creek (WCC) deposit, discovered in the late 1880s. The Bielsdown project consists of one exploration licence covering an area of approximately 27 sq km (Figure 21).

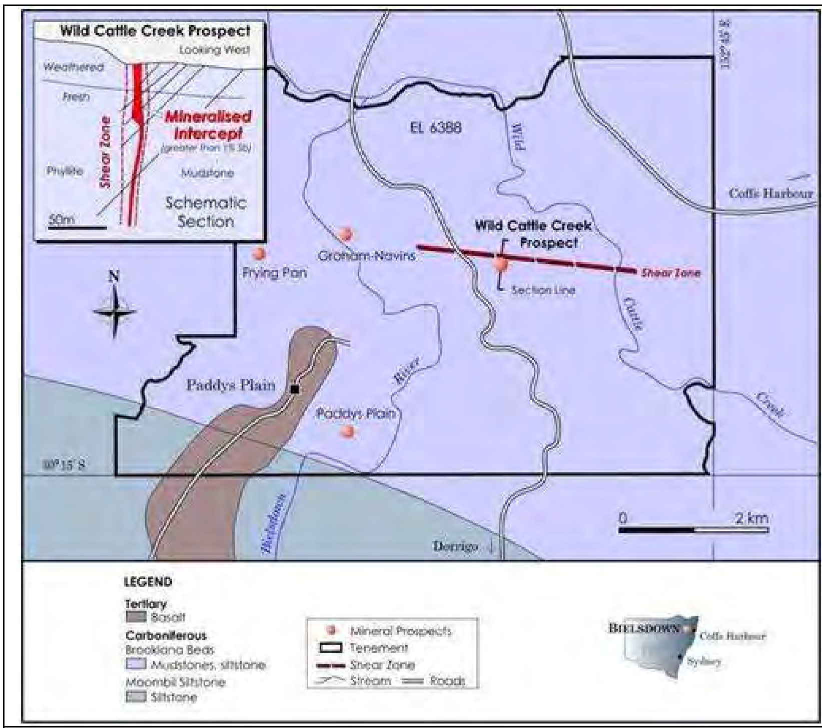


Figure 21. Location of Wild Cattle Creek deposit.
Figure from Anchor's website.

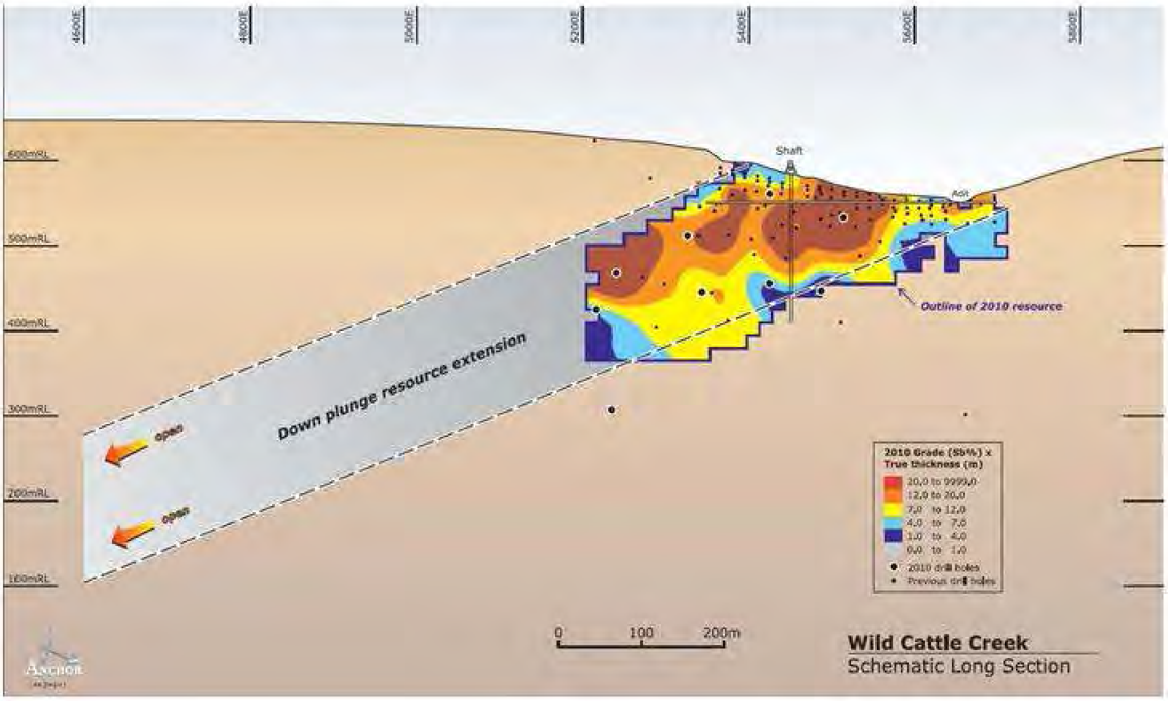


Figure 22. Schematic long section, Wild Cattle Creek.
Figure from Anchor's Target Statement of 9 March 2011.

To date, Anchor has defined a JORC (2004) compliant resource at WCC of greater than one million tonnes grading 1.77% antimony, 0.23 g/t gold and 332 ppm tungsten, equivalent to about 18,000t of contained molybdenum (Figure 22). The target resource at Kingsgate contains about 25% equivalent molybdenum, so the offer places a value of AUD$3.7M on Kingsgate.

15.4.5 Hawkwood, QLD, Australia

On 23 December 2008, Carlyle Mining Corp ("Carlyle")announced that it had entered into an option to acquire 60% of the issued and outstanding shares of Sunland Properties Limited. Sunland Properties Limited controls 520 sq km of prospective copper-gold tenements situated near Hawkwood in SE QLD (Figure 23).

Figure 23. Location plan, Hawkwood.
Figure from Carlyle website

The properties (the “Hawkwood Project”) consist of two EPMs and one EPMA. The exploration permits were acquired by Rugby Mining Pty Limited (“Rugby”), a wholly owned subsidiary of Sunland Properties Limited (“Sunland”), from Newcrest Operations Limited (“Newcrest”). The Hawkwood Project, which is very well located with respect to infrastructure, has been the subject of exploration activities over the last 40 years with reported results from previous explorers of 0.55% copper over 3m in trenches and drill results of 0.51% copper over 20m, from a depth of 2m. In addition, trenching results from the mid 90’s are also reported to include up to 12m of 0.3% copper, 0.4 ppm platinum and 0.6 ppm palladium.

Carlyle will advance a non-refundable deposit. In order to maintain its option, the Agreement provided that Carlyle will pay AUD$200,000 cash and must incur exploration expenditures totalling AUD$3.0 million, or make cash payments in lieu thereof, (including 20,000m of bedrock drilling) within 42 months, of which AUD$500,000, to be incurred within 18 months, is a minimum commitment.

Although the commodities are different, the Hawkwood and Auzex’s EPM 14417 “Eight Mile” tenements are at a similar exploration stage and this transaction provides an indication of AUD$3.2M as a guide to the value of EPM 14417.

15.4.6 Yanco Glen, NSW, Australia

On 23 November 2010, Carpentaria Exploration Limited (“CAP”) announced the acquisition of the Yanco Glen mineral exploration tenement, further expanding the Company’s tin and tungsten portfolio in the Broken Hill region of New South Wales. Located 30 kilometres north of Broken Hill, the Yanco Glen tenement is prospective for tin, tungsten and base metals with 125 known mineral occurrences on site. It is being acquired from Wolf Minerals Limited (WLF) for a total consideration of 250,000 new Carpentaria ordinary shares, at that time trading at AUD$0.60 per share.

The acquisition adds to the Company’s nearby Euriowie tin discovery (100% CAP), increasing its tenement holdings to 240 sq km. The property is at a similar stage to Auzex’s EPM 14497 “Khartoum” tin project and the transaction is valued at AUD$150,000.

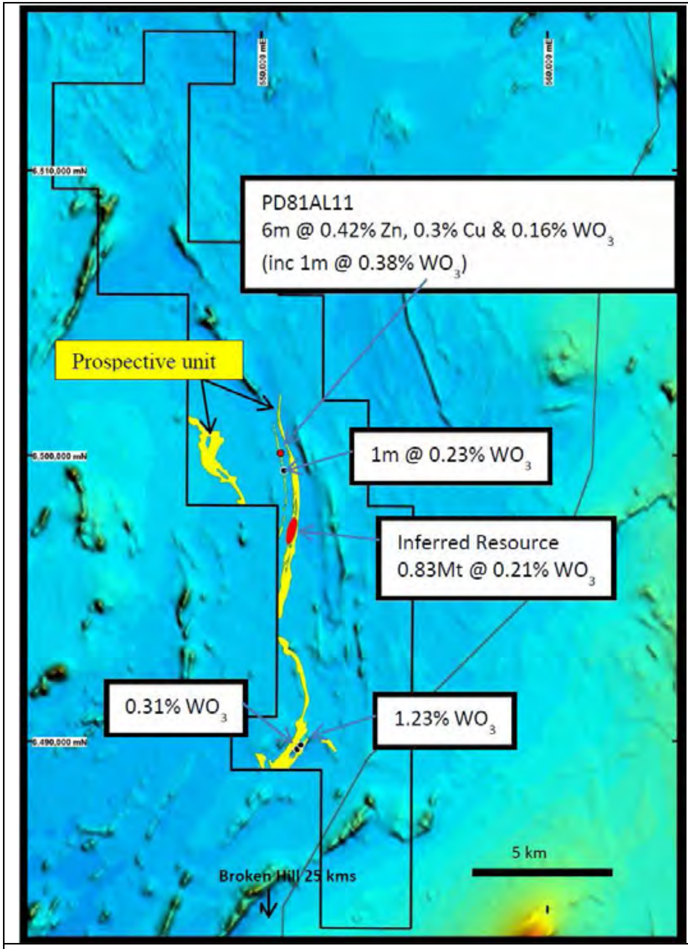


Figure 24. Yanco Glen drilling and rock chip results
Figure from CAP Mar Qtr 2011 report

15.4.7 Herberton, QLD, Australia

On 18 March 2010, North Queensland Metals ("NQM") announced that it had signed a Heads of Agreement with ASX-listed Consolidated Tin Mines Limited ("CSD") to consolidate the two companies' respective tin exploration assets in the historic Herberton Tin Fields in North Queensland. Under the agreement NQM granted CSD a 90-day exclusivity period to conclude a formal agreement to effect the consolidation. In return for transferring the assets NQM will receive 25 million CSD shares, (trading at the time at AUD$0.23 per share), $500,000 cash and a royalty of 2.0% based on mineral production by CSD from all NQM tenements transferred to CSD. Including a notional value of AUD$2M for the 2% NSR royalty, the transaction values the tin exploration assets at AUD$8.25M.

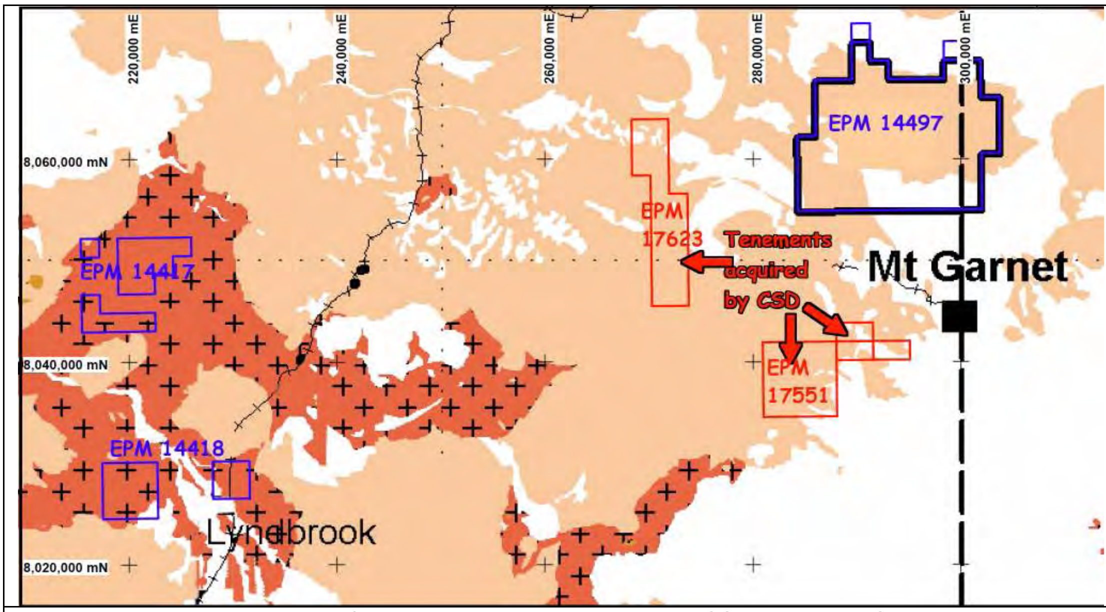


Figure 25. Location of exploration permits acquired by CSD. Auzex EPOMs in blue
Figure compiled by D G Jones

NQM will retain the Baal Gammon mining leases and the exploration ground considered most prospective for additional base metal discoveries (EPM 14016). CSD will have the right to explore and peg leases on NQM's retained ground and NQM will have reciprocal rights to do the same with respect to base metals on the CSD tenements. NQM's tenements, which were part of the Company's original assets, include numerous highly prospective tin targets and former tin mining mine operations such as Vulcan, Arbouin, Jumna and Stannary Hills. These assets are similar to the combined North Queensland exploration assets of Auzex and thus the transaction places a value of AUD$8.25M on the Auzex EPMs.

15.4.8 Juruena, Mato Grosso, Brazil

On 28 March 2011, Lago Dourado Minerals Ltd ("Lago") announced that it had signed an agreement with Geomin to acquire a 100% interest in the remaining 16 exploration licenses, previously under option, at its flagship gold project Juruena, in the Mato Grosso state of Brazil. The Company will now hold a 100% interest in the entire project which consists of 25 exploration licenses, covering approximately 71,000 hectares. There is currently one drill rig turning at Juruena with two rigs expected to be added in the coming weeks.

The terms of the agreement with Geomin, a local private consulting firm in Brazil, include; a cash payment of CAD$1 million, the issuance of 1.5 million common shares and the issuance of 1 million warrants with a three-year term at an exercise price of equal to the lower of CAD$1.00 and the 10 day weighted average trading price of the common shares of the Company, from March 9, 2011, being CAD$0.91, subject to receipt of requisite regulatory approval.

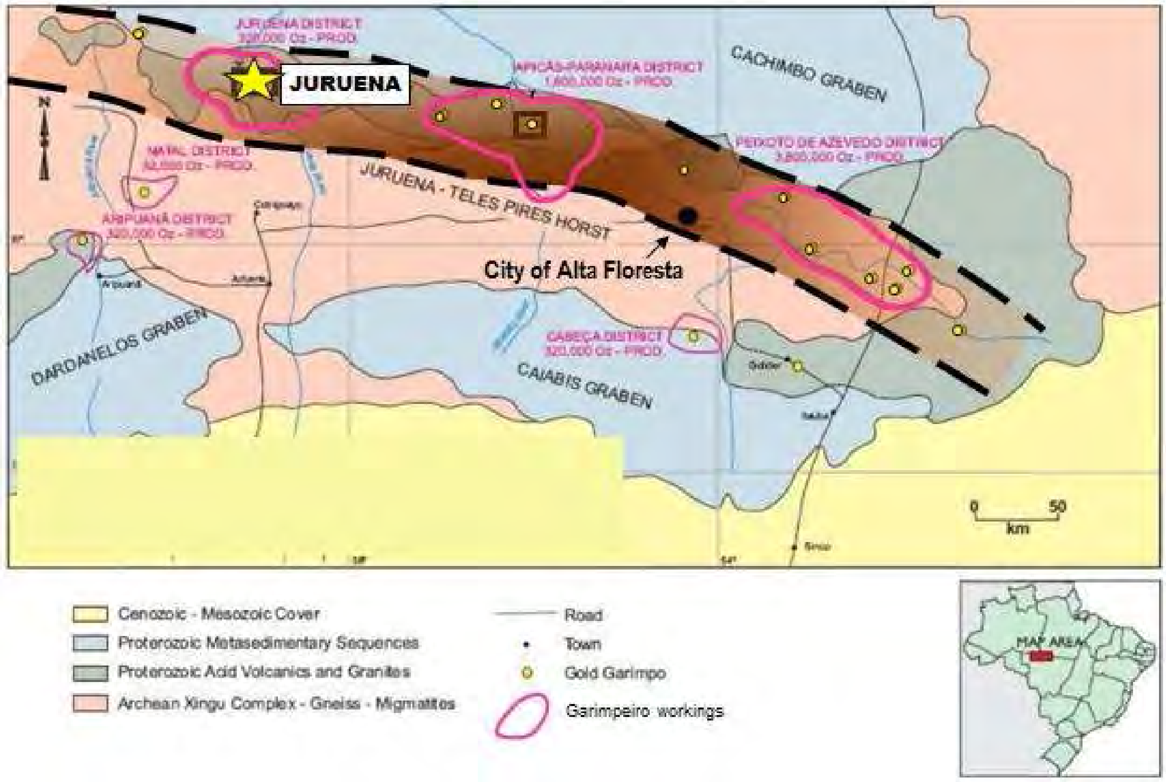


Figure 26. Location and local geology, Juruena project
Figure from Lago website

Extensive gold mineralization has been identified and at least 0.5 million oz of gold has been mined from surface workings in the past over 10 sq km of the property, which remains largely untested. A phase I drill campaign is currently underway and is expected to continue throughout the spring of 2011. The transaction values the property, which is at a similar stage to Auzex's Lyell project in NZ, as AUD$3.36M.

15.4.9 Mt Carbine, North QLD, Australia

In June 2007, Republic Gold Limited offered to purchase the Nicholson group of companies. The principal asset was the former Mt Carbine tungsten mine. The offer valued the defunct mine and exploration assets at AUD$14M. The mine had operated from the early 1970s until 1986 when low tungsten prices forced its closure. A small body of mineralisation estimated at 7Mt @ 0.5% WO_3 could possibly be recovered by underground mining. This resource does not meet JORC standards but approximately equates to 28,000t of contained molybdenum. The Kingsgate project target resource represents about 16% of this and thus an equivalent value, as a rough guide only, would be about AUD$2.3M for Kingsgate.

15.4.10 Lomero Poyatos, Spain

On 5 April 2011, Petaquilla Minerals Ltd. ("Petaquilla") announced that it had entered into a binding letter of intent ("LOI") with Iberian Resources Corp. ("Iberian"), pursuant to which the Company proposes to acquire all of the outstanding shares of Iberian. Iberian is a private British Columbia company whose sole asset is 100% of the Lomero Poyatos deposit and some exploration licences through its wholly-owned Spanish affiliate Corporacion de Recursos Iberia S.L. Lomero Poyatos is located about 110 kilometres northeast of Seville, in the heart of the Iberian Pyrite Belt.

The transaction values the property at approximately USD$41 million. The Lomero Poyatos mine formerly mined about 2.6 million tonnes of massive pyrite for use as raw material for the manufacture of sulphuric acid. The mine closed in 1992 and since then has been investigated by several companies as a possible gold-silver-copper-lead-zinc deposit.

Iberian commissioned Behre Dolbear International Ltd, in association with Gemcon Software International Ltd, to carry out a review of the available data pertaining to the Lomero Poyatos mine in order to confirm the previous mineral resource estimates (by SRK, 2002 and WAI, 2007).

As there have been no feasibility studies carried out and there has been no decision made as to whether the deposit would be mined by open-pit or underground methods, there is no basis for deciding what would be an appropriate cut-off grade, nor any basis for estimating the likely mining and processing costs. Therefore, the deposit was treated as an exploration stage project. The total "target resource" was estimated to contain around 3.5 Moz gold equivalent, about 7 times the "target resource" at Lyell, NZ. This gives a rough guide of AUD$5.7M for the Lyell project.

15.4.11 Tepal, Mexico

On 5 November 2009, Geologix Explorations Inc. ("Geologix") announced that it had entered into an agreement with Arian Silver Corp. ("Arian") whereby Geologix was granted the exclusive rights to purchase Arian's 100% interest in the Tepal Gold-Copper Project in the state of Michoacán, Mexico.

Figure 27. Location of Tepal project
Figure from Geologix website

The Tepal Project is located in the northwest portion of Michoacán State, Mexico. Local and regional infrastructure is excellent, with paved roads, deep sea port access, and low topographical relief. The project is comprised of 6 concessions covering approximately 138 square kilometres. The area has been well explored by 129 drill holes (62 diamond core and 67 RC) totalling 20,121m which led to the identification of two main mineralised zones, the North Zone and the South Zone. In addition, surface geochemical surveys throughout much of the project area indicate numerous highly prospective untested gold and copper anomalies; most notably to the east of the current deposits.

Under the terms of the agreement, Geologix can elect to complete the purchase of 100% of the property, subject to a 2.5% net smelter return royalty, by delivering to Arian USD$3.0 million in staged payments before 23 February 2011. Assigning a value of USD$1.25M to the royalty gives a total transaction price of USD$4.25M (AUD$4.25M). Although Tepal is a porphyry copper-gold project as opposed to tin at Auzex's North Queensland projects, in some respects the projects are at a similar stage and the Tepal transaction could be loosely considered to be comparative.

15.4.12 Bisie, Democratic Republic of the Congo ("DRC")

On 24 March 2011, Alphamin Resources Corp announced that it had now entered into an agreement with Kivu Resources Limited ("Kivu") to purchase a 70% interest in the Bisie Tin Project in the DRC in consideration for the issuance of 24,000,000 shares (trading at the time at CAD$0.45 per share). The offer valued 100% of the project at CAD$15.4M (AUD$15.6M).

The Bisie Tin Project consists of 4 exploration permits located in North Kivu province of the DRC. Mineralisation on the permits consists of cassiterite and rare earths in quartz veins hosted in a schist sequence that is situated in relatively close proximity to a granitic intrusion. Preliminary inspections of the properties lead the Company to believe that there is potential to quickly develop a large commercial tin deposit on the permits. Artisanal mining activity on some areas of the permits demonstrates the significant nature of this relatively new discovery. The nearby Bisie tin mine is the largest producer in the DRC, with production estimated at 3,000t of cassiterite per annum.

Given the similarity to the Auzex North Queensland tenement package, this transaction is a fair comparison although the offer is extremely generous.

15.4.13 Heemskirk, Tasmania, Australia

On 25 July 2008, Stellar Resources Limited ("Stellar") announced that it would consolidate its interest in the Heemskirk tin project by purchasing the 40% interest of JV partner Gippsland Limited by issuing Gippsland 15M AUD$0.25 Stellar shares, placing a value of AUD$3.75M on 40% of the project or AUD$9.4M for 100%.

The Heemskirk Tin Project comprises the drill identified Severn, Queen Hill and Montana tin resources within the 6 sq km Retention Licence 5/1997, located adjacent to the mining town of Zeehan in northwest Tasmania. The Heemskirk resources lie within the world renowned Western Tasmanian tin province which hosts such famous tin mines as Renison, Mt Bischoff and Cleveland.

The combined historic resources at the Queen Hill, Severn and Montana deposits is claimed to be 7.3Mt @ 0.7% Sn but this resource does not meet JORC standards. The Zeehan tin mineralisation has traditionally been quite refractory.

Figure 28. Location of the Heemskirk tin project
Figure from Stellar news release 25 July 2008

Given some similarities with Auzex's North Queensland projects, this transaction would place a comparative value of AUD$9.8M in 2010 dollars.

15.4.14 Pound Flat, NSW, Australia

On 19th October 2010, YTC Resources Ltd announced an agreement to sell the Pound Flat and Torrington Tenements into the upcoming IPO of Taronga Mines Ltd. Under the Agreement, YTC will receive 11M shares and 5.5M options in Taronga Mines. Taronga Mines owns 100% of the adjacent Taronga Tin Deposit, which represents the largest undeveloped, hard rock tin deposit on mainland Australia.

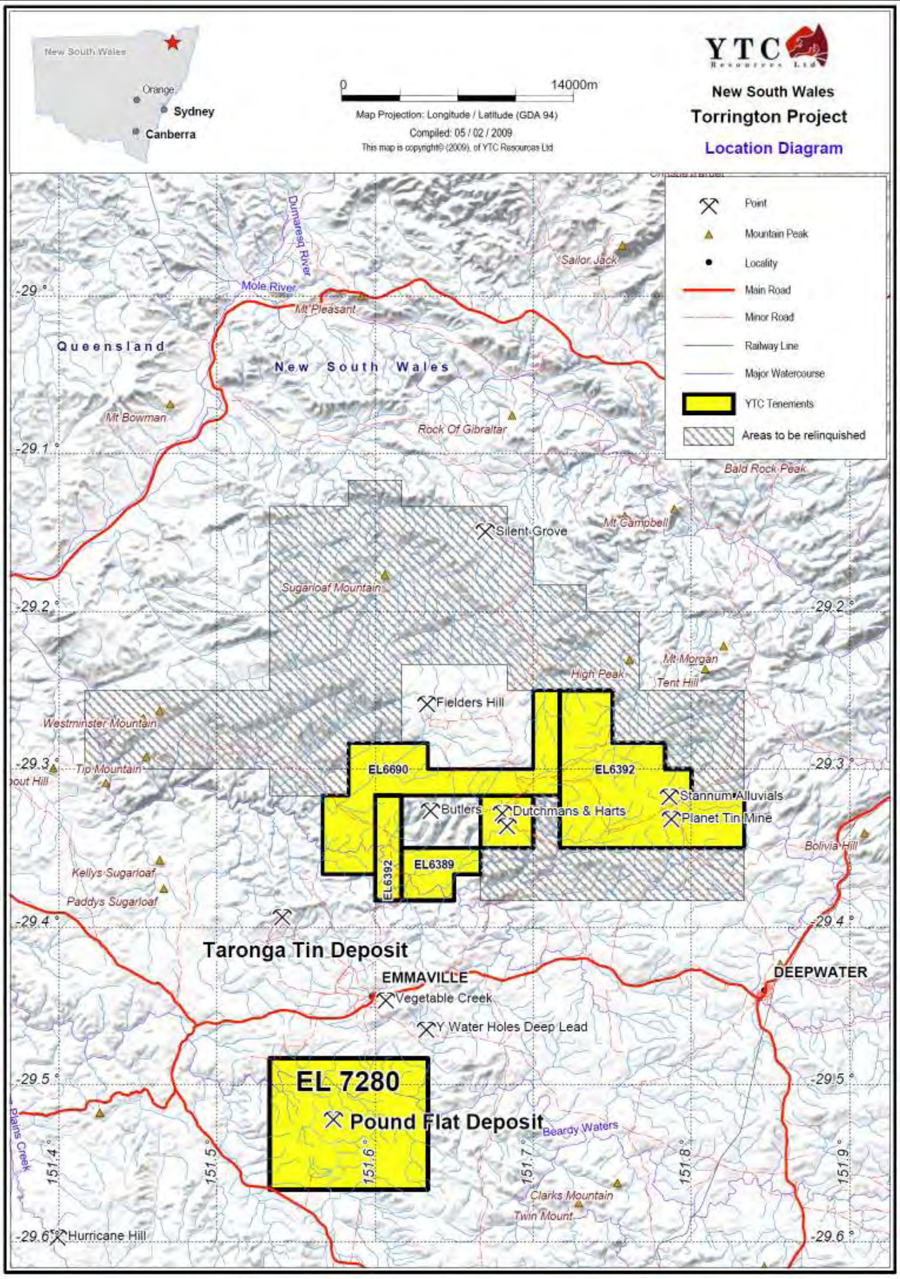


Figure 29. Location of the YTC tenements sold to Taronga Mines
Figure from Taronga Mines website

The Pound Flat deposit has been variously explored in detail by previous companies in the period 1978-1984 and has been separated into two geological domains: a hard rock, sheeted vein hosted tin deposit overlain by a shallow eluvial/alluvial + shallow oxide tin deposit. The 16.5M 20 cent shares and options value the property, which is similar to Auzex's EL 6408 "Glen Elgin" tenement nearby, at AUD$3.3M.

15.4.15 La Gloria, Mexico

On 23 February 2011, Tumi Resources Limited ("Tumi") announced the acquisition of the La Gloria gold-tungsten-tin project located about 250 km by road east of Hermosillo, Sonora, and 47 km north of the Company's Mezquite property. Two contiguous mineral claims totalling 200 hectares have been optioned from a private Mexican owner. The agreement gives Tumi the right to acquire 100% interest for a total of US$1,330,000 over 5 years of which US$30,000 is payable in the first year. A 1.5% NSR is in place of which 0.5% can be purchased for US$500,000.

Figure 30. Location of La Gloria project
Figure from Tumi website

A report from 1959 states that La Gloria was discovered around 1955 by a group of Mexican prospectors. During a 3-week period in 1956, they reportedly produced 120 tons of 65% WO_3 (tungsten oxide) using very crude mining and concentrating methods.

La Gloria is hosted by a massive garnet-pyroxene skarn spanning an area of at least 600 m NE-SW by 300 m NW-SE and of undetermined thickness. Numerous trenches, pits and adits are found within this area, and the skarn is believed to continue for some distance to the east. A granodioritic to quartz monzonitic intrusive is in contact with the skarn along its southern and western boundaries. The skarn is locally strongly weathered to limonites and jarosite and contains visible pyrite. Scheelite (tungsten-bearing mineral) and molybdenite were noted in the historical records, as was the presence of gold, silver and copper.

Including the NSR, calculated as USD$1.5M, the transaction values the property at USD$2.83M (AUD$2.8M). In many respects, apart from the commodity mix, La Gloria is similar to the Kingsgate project of Auzex.

15.4.16 Hemerdon, United Kingdom ("UK")

On 5 December 2007, Wolf Minerals Limited ("Wolf") announced that it had reached agreement to acquire the Hemerdon tin-tungsten deposit in Devon, UK.

The discovery of tungsten at Hemerdon dates back to 1867, before the First World War. Preparation of the site began in 1917 and mining operations started in 1919 – 16,000 tons of ore were mined before the mine closed. A new plant commenced production in October 1943 during the Second World War and ran until June 1944, when operations ceased due to the resumption of shipments of tungsten from overseas.

The mineralisation is characterised by sheeted greisen veining and stockworks containing wolframite and cassiterite. The vein system is hosted within a dyke like granite body. The mineralisation starts from the surface and is contained within the steeply dipping granite body flanked by metamorphosed sediments.

Figure 31. Location of Hemerdon project
Figure from Wolf website

Wolf acquired a 40-year mining lease on the property for AUD$1M (paid in early 2008) plus a 2% NSR royalty and A$160,000 rent payable to the Hemerdon Mineral Trust. The transaction valued the property at AUD$2.1M in 2010 dollars (including a notional AUD$1M for the royalty). Hemerdon could be considered a similar project to the Kingsgate project of Auzex.

15.4.2 Comparable Transactions – Bullabulling Gold Project

15.4.2.1 Bullabulling Gold Project

In January 2010 (CCG press release 11 February 2010), GGG entered into an option agreement with Auzex to acquire the BBGP. GGG paid A$3.0 million to Auzex to acquire and exercise an option at the end of or within the option period, to earn a 50% interest in the Bullabulling Property.

Auzex acquired the BBGP under a sale and purchase agreement dated 22 April 2010 between Jervois Mining Limited (Jervois), Goldpride Pty Ltd (Goldpride), Auzex Resources Limited (Auzex) and GGG (Bullabulling Sale and Purchase Agreement). Under this agreement, the Auzex and GGG agreed to:

- Grant Jervois a production royalty of $30 per ounce for the first 400,000 ounces of gold produced from the Tenements and $20 per ounce thereafter;
- Assume Jervois' obligations to Australasian Resources Limited to pay a royalty of $10.00 per fine ounce (or fine ounce equivalent) of all gold produced from tenement ML15/503, excluding the first 100,000 ounces produced. This royalty is contained in an Agreement for the Sale of Mining Tenements and Pastoral Lease dated 21 February 1994 between Central Kalgoorlie Gold Mines NL (ACN 008 942 809), Braider Pty Ltd (ACN 009 313 133), Samantha Gold NL (ACN 009 069 014) and Colreavy Pty Ltd (ACN 062 469 345), which has been assigned a number of times; and
- Assume Jervois' obligations to Franco-Nevada Australia Pty Ltd (ACN 128 617 078) to pay a 1% gross royalty on all gold produced from tenements M15/282 and M15/554. This royalty is contained in a letter agreement between J A Hallberg & Associates and Valiant Consolidated Limited (ACN 000 727 926) and Hillmin Gold Mines Pty Ltd (ACN 009 084 413) dated 3 September 1985 which has been assigned a number of times.

The project is described in previous sections in this report. The assets included gold resources estimated in 2002 at the time Jervois acquired BBGP as follows:

- 4.865 Mt Measured at 1.51 g/t Au containing 237,000 oz.
- 4.159 Mt Indicated at 1.35 g/t Au containing 180,000 oz.
- 0.284 Mt Inferred at 1.52 g/t Au containing 13,900 oz.

MA notes that the press releases regarding the purchase does not reference any variation in the price related to the royalties

MA also notes that this is a "perfect" equivalent transaction for comparison being the same property under consideration. Based on the stated mineral resource which contains 431,700 ounces, the purchase price of $6M (on a 100 % basis) gives an implied value per ounce Au of A$13.90 which was 1.13% of the current gold price of A$1226.

MA notes however that since January 2010, the mineral resources have been updated from the contained 431,700 oz to an Inferred mineral resources of 1,982,000 ounces and the gold price has increased some 16% in Australian dollar terms to $1417/oz.

15.4.2.2 Bronzewing

Navigator Resources Limited announced on 1st October 2009 that it had completed the acquisition of the Bronzewing Gold Project from View via the receivers (of View). The purchase price was $9.55 million and cash deposit of $6.5 million for environmental bonds.

The Bronzewing project is located approximately 83 km NE of Leinster and 800 km NE of Perth (Figure 32). It is situated within the Yandal Greenstone Belt in the Eastern Goldfields Province of Western Australia. The agreement included the Bonzewing and Mt McClure group of mines within a semi-contiguous landholding of about 1000 km^2. Also included in the assets were resources (and reserves) listed in Table 15Table 16. The same press release included a revised global resource of 850,000oz (12.56Mt at 2.1g/t gold) including low grade stockpiles of 850,000t at 0.5g/t Au (14,000oz). Other assets included key infrastructure such as a 2.3Mtpa processing plant and 280 person accommodation village which had been on care and maintenance since March 2008.

The purchase price of $16M gives an implied value per oz Au of $17.8.

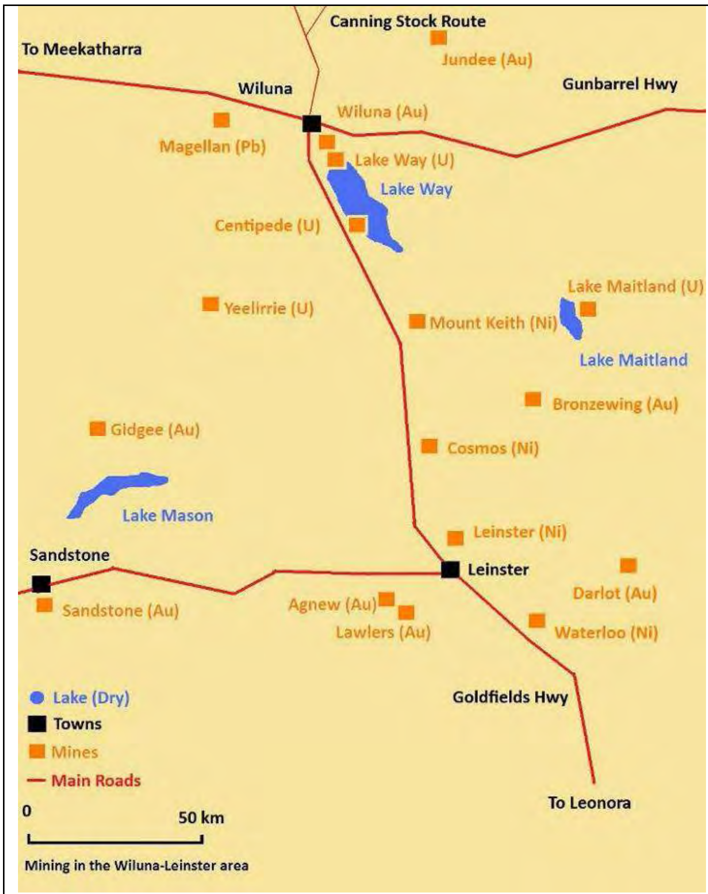


Figure 32. Location of Bronzewing Mine.

Table 15. Probable Reserves Bronzewing			
Deposit	**Tonnes**	**Grade (g/t Au)**	**Contained Au (oz)**
Central	1,946,000	1.5	95,800
Cockburn	4,081,000	2.0	268,300
Challenger	159,000	1.7	8,700
Success	138,000	2.8	12,200
Total	**6,324,000**	**1.9**	**385,000**
Navigator press release Sept 09			

Table 16. Bronzewing Resource Summary

TABLE 2: BRONZEWING GOLD PROJECT RESOURCE SUMMARY – JULY 2009										
Project Area	Lower cutoff grade	Indicated Resources			Inferred Resources			Total Resources		
	g/t Au	Mt	g/t Au	koz	Mt	g/t Au	koz	Mt	g/t Au	koz
Open Pit										
Cockburn	0.7	4.46	2.0	291	0.75	1.8	43	5.20	2.0	334
Central	0.7	1.94	1.5	95				1.94	1.5	95
Success	1.0	0.18	2.9	16				0.18	2.9	16
Challenger South	0.7	0.17	1.7	9				0.17	1.7	9
Corboys	1.0	1.27	1.9	78	1.03	1.8	60	2.30	1.9	138
Low Grade Stockpiles*		0.85	0.5	14				0.85	0.5	14
Subtotal		**8.86**	**1.7**	**503**	**1.78**	**1.8**	**103**	**10.64**	**1.8**	**606**
Underground										
Cockburn	3.0	0.81	4.2	110	0.75	4.4	107	1.56	4.3	217
Bronzewing*	1.5	0.36	2.3	27				0.36	2.3	27
Subtotal		**1.17**	**3.6**	**137**	**0.75**	**4.4**	**107**	**1.92**	**3.9**	**244**
TOTAL		**10.03**	**2.0**	**640**	**2.53**	**2.6**	**210**	**12.56**	**2.1**	**850**

Navigator press release Sept 09

15.4.2.3 White Well

In June 2008 Mutiny Gold Ltd obtained the right to earn a 70% interest in the White Well project for A$0.12M cash, 1.0 M shares (deemed $0.15 per share) and by spending $500,000 on exploration over 2 years.

The project is located approximately 30 km east of Cue in the Tuckabianna Mineral Field in Western Australia's Murchison Goldfields (Figure 33). The gold mineralization of the Tuckabianna Shear Zone is generally hosted in the greenstones. Historical production in the Tuckabianna mineralized field is in excess of 500,000 oz Au. The majority of the historic production came from gold in BIF units. White Well shows a difference to the general mineralized setting with the host lithology at White Well being a deeply weathered acid volcanic.

Mutiny Gold Ltd reports that the project had previously been subject to extensive exploration drilling programs from which it defined a shallow oxide-hosted exploration target in the order of 2 – 5 Mt with corresponding grades ranging of 1.3 to 0.7 g/t Au.

A conservative value of 2 Mt at 1.3 g/t, with a purchase price (100% basis) of $1.10M, results in an implied value per oz Au of $13.16. This estimate is in line with the JORC Indicated Resource of 80,000 oz calculated 3 months after the acquisition. "Resource definition drilling carried out by Newcrest in the early 1990's coupled with Mutiny's reverse circulation drilling which validated the historical drilling allowed Mutiny to complete an initial indicated resource estimate of 80,000 oz Au in September 2008."

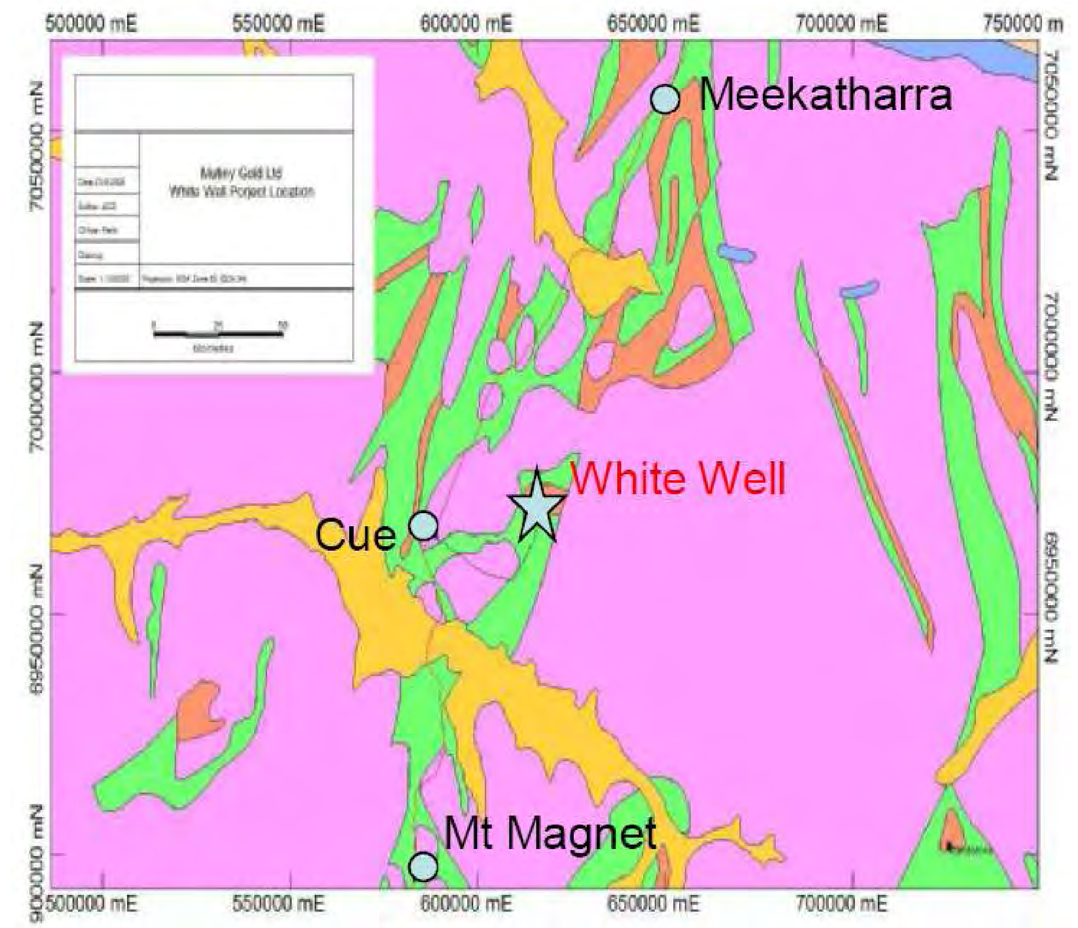


Figure 33. White Well south of Meekatharra in the Murchison Goldfields Province.
Source: Mutiny Gold website www.mutinygold.com.au

15.4.2.4 Three Rivers

In May 2008, Alchemy Resources Ltd acquired from Troy Resources NL a 100% interest in the Three Rivers project for A$0.31M cash and $1.0M in shares. An additional payment of $0.69M cash due upon delineation of a 50,000 oz Au Reserve (included in the evaluation).

The Three Rivers project is located about 120 km north of Meekatharra in Western Australia (Figure 35). The 350 km^2 project contains a near surface Indicated Resource of 1.7 Mt at 2.4 g/t Au; the Hermes Gold Project contains an existing JORC code compliant indicated resource of 1.7Mt @ 2.4g/t gold for 131,000 oz of gold. Alchemy reported that the project, which includes 7 exploration leases and 31 mining lease applications, is also prospective for iron mineralisation associated with the Robinson Range.

The purchase price (100% basis) of $2.00M gives an implied value per oz Au of $15.25.

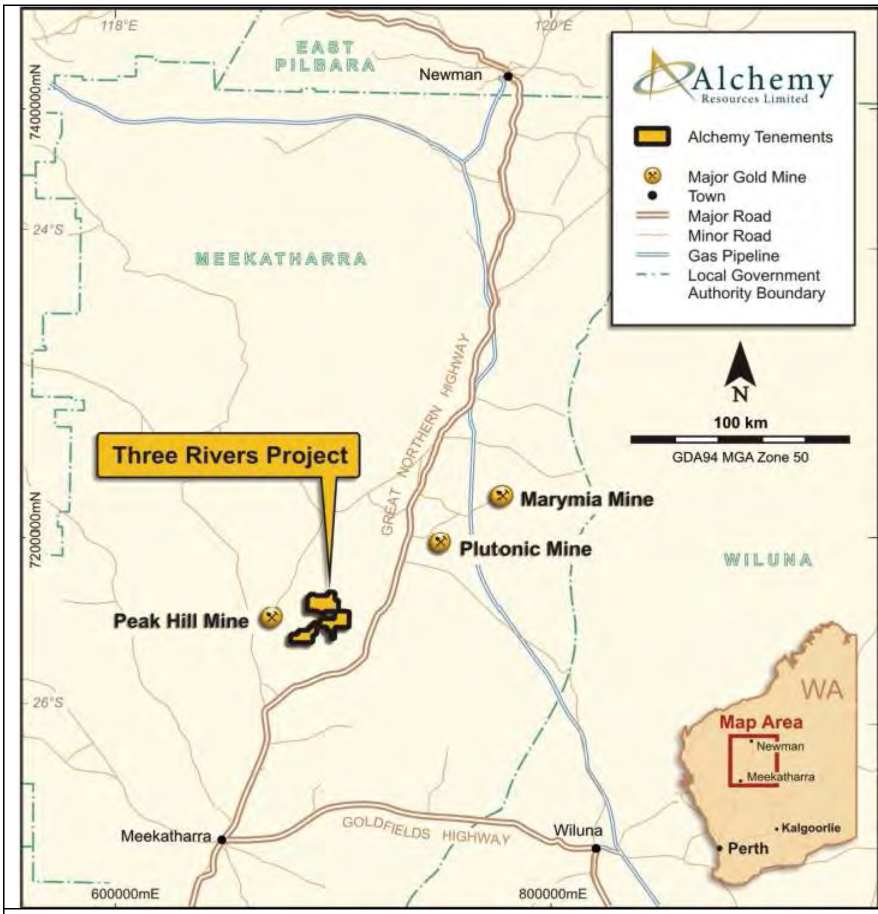


Figure 34. Three Rivers project is north of Meekatharra on margin of Yilgarn craton.
Source: Alchemy Resources website http://www.alchemyresources.com.au.

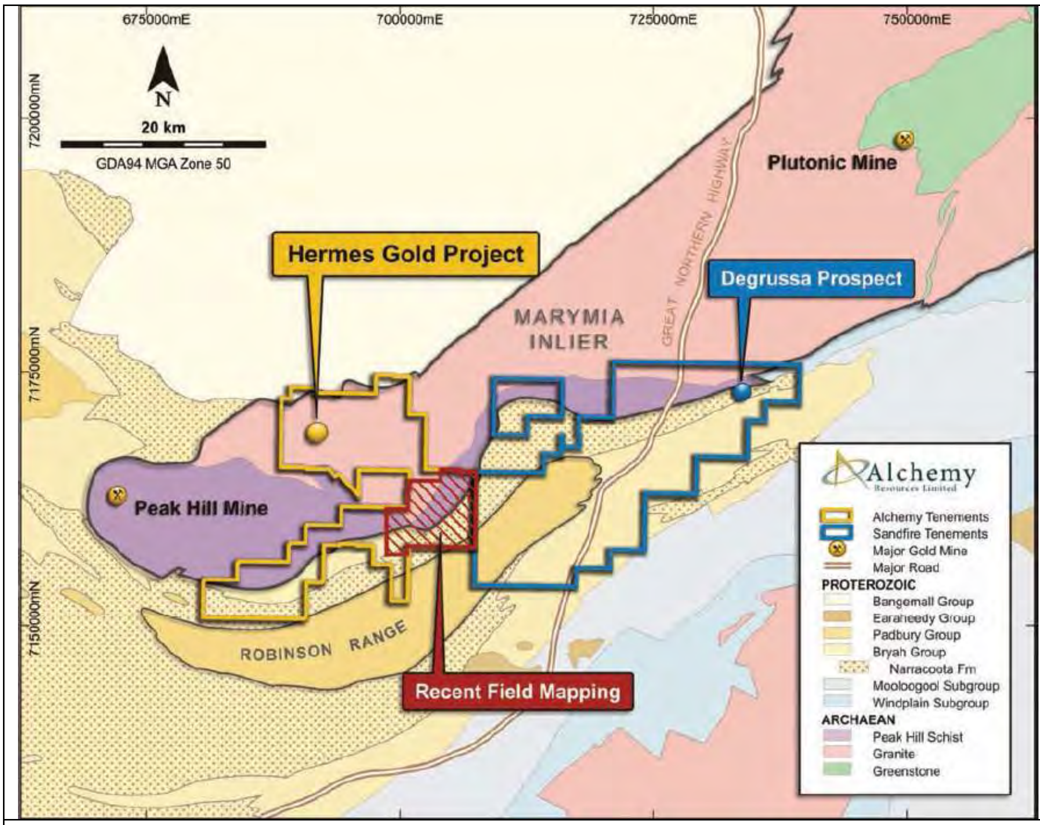


Figure 35. Three Rivers project straddles Proterozoic basin and Archaean Marymia Inlier.
Source: Alchemy Resources website http://www.alchemyresources.com.au.

15.4.2.5 Coolgardie Gold Project (Redemption JV)

In February 2005, Herald Resources sold their remaining mining leases (Coolgardie Gold Project) to the Redemption Joint Venture, a partnership of Austminex and Matador. During 2005, Austminex changed its name to Focus Minerals while Matador merged with Committee Bay Resources. In May 2008 Focus Minerals (FML), bought Canadian partner Committee Bay Resources (CBR) out of the Redemption Joint Venture for about Aus $ 30 million.

The Redemption JV, centred around the town of Coolgardie, is located 560 km east of Perth (and 35 km west of Kalgoorlie) in the Coolgardie Domain of the Eastern Goldfields Province of Western Australia (Figure 37). Over 2.6 million oz of gold has been produced from the Coolgardie Gold Belt since 1892.

Austminex & Matador from Herald (2005)

June 14 2005 Matador Exploration Inc. and its joint venture partner, Western Australia-based Austminex Limited exercised their option to acquire assets of the Coolgardie Gold Project from Herald Resources Limited and Leviathan Resources Limited as follows:

- Initial payment of AUS$500,000 in cash, of which Matador's share was AUS$366,688. In addition, Austminex will issue a total of 4,091,667 shares to Herald and Leviathan.
- Redemption JV is scheduled to complete the acquisition by early August 2005, with an aggregate settlement payment of AUS$3.7 million in cash (Matador's share AUS$2.0 million) plus 5 million Austminex shares - less the estimated costs of rehabilitation required for prior CGP operations.
- At settlement, the Redemption JV must also provide cash security for the replacement of existing performance bonds totalling AUS$1.37 million (Matador's share AUS$685,000), and

assume all existing rehabilitation obligations along with certain royalty, prospecting and other agreements

- A final payment of AUS$500,000 (Matador's share AUS$250,000), plus interest of approximately AUS$17,500 will be made to Leviathan.
- On completion of the acquisition, Matador Mining Pty Ltd ("MMPL"), a wholly owned Australian subsidiary of Matador Exploration Inc., will be Operator of the Redemption JV, holding a 50% interest in the Three Mile Hill processing plant, and all equipment, licenses and performance bonds.
- MMPL will have an initial 10% interest in the tenements of joint venture, earning into up to a 50% interest by solely funding AUS$8 million of exploration to be staged over three years, with a first year spending commitment of AUS$2.7 million.

Thus the Austminex-Matador partnership appear to have paid about A$6.1M cash (excluding the issue of about 9M Austminex shares) to Herald (and Leviathan) for 1.4 M oz of contained gold (Table 17).

Table 17. Redemption JV resources (JORC) as at June 2005

The following is a summary of Inferred and Indicated Resources for the Redemption JV Coolgardie Project:

Category	Tonnes	Gold Grade (g/t)	Contained Oz of Gold
Total Indicated	5,320,000	1.85	315,720
Total Inferred	13,712,700	2.45	1,080,826

Drilling at 14 separate deposits consists of approximately 347,000 m in 4,700 drillholes.
Matador announcement

Matador acquires additional 40% from Austminex (2007)

Pursuant to a letter of intent dated February 23, 2005, Matador acquired an undivided 10% interest in the Redemption JV, which held an option to acquire the Coolgardie Gold Project and certain tenements held by Austminex or its wholly-owned subsidiaries by payment of certain fees in the sum of AUS$100,000 relating to the Coolgardie Gold Project purchase option. Matador can acquire an additional a further undivided 40% interest in the Redemption JV by incurring expenditures totalling not less than AUS$8 million within a period of three years, with a minimum expenditure of AUS$2,666,666 per year.

That is, under the agreement to acquire the Coolgardie Gold Project from Herald with Austminex in 2005 – “Matador will have an initial 10% interest in the tenements of joint venture, earning into up to a 50% interest by solely funding AUS$8 million of exploration to be staged over three years, with a first year spending commitment of AUS$2.7 million.”

Committee Bay Resources Ltd completed an A$8 million sole exploration funding commitment in April 2007, to earn 50% equity in the Redemption Joint Venture, formed in November 2005.

The 2005 agreement (although exercised in 2007) refers to the 1.4M oz in Table 17. When the required exploration expenditure had been fulfilled the resource had increased to 1.6M oz; Measured, Indicated and Inferred Resource inventory for Project increased to 503,552 Measured and Indicated oz and 1,108,461 Inferred oz of gold (source: FML 2007 Annual Report):

- Measured Resource of 545,000t @ 1.77 g/t Au
- Indicated Resource of 8.085Mt @ 1.82 g/t Au
- Inferred Resource of 11.657Mt @ 2.96 g/t Au.

The purchase price (exercising the option agreement with Austminex), on a 100% basis, of $20M gives an implied value per oz Au of $14.32 (using the 2005 resource).

Focus Minerals from Committee Bay (2008)

In early 2008 CBR and FML each had a 50% interest in the Redemption Joint Venture (Figure 36). An agreement was reached, effective 30th April 2008, that FML would acquire CBR's share of the project giving FML 100% ownership of the project consisting of:

- The mineral rights to more than 210 km^2 of under-explored greenstone tenements, located in one of the world's most significant gold and nickel mining regions.
- Measured Resources of 31,014 ounces gold (0.55 Mt at 1.77 g/t Au).
- Indicated Resources of 591,065 ounces gold (8.58 Mt at 2.14 g/t Au).
- Inferred Resources of 1,024,417 ounces gold (11.31 Mt at 2.82 g/t Au.
- 100% interest in the fully permitted, 1.2mtpa, Three Mile Hill Mill processing mill.

CBR received total remuneration for their 50% share amounting to about $30M as follows:

- $20M cash.
- 140M FML shares (5.5 cents / share for $7.7M).
- $2M deferred payment (8.25% convertible note).

The purchase price of $60M (on a 100% basis) gives an implied value per oz Au of $36.44.

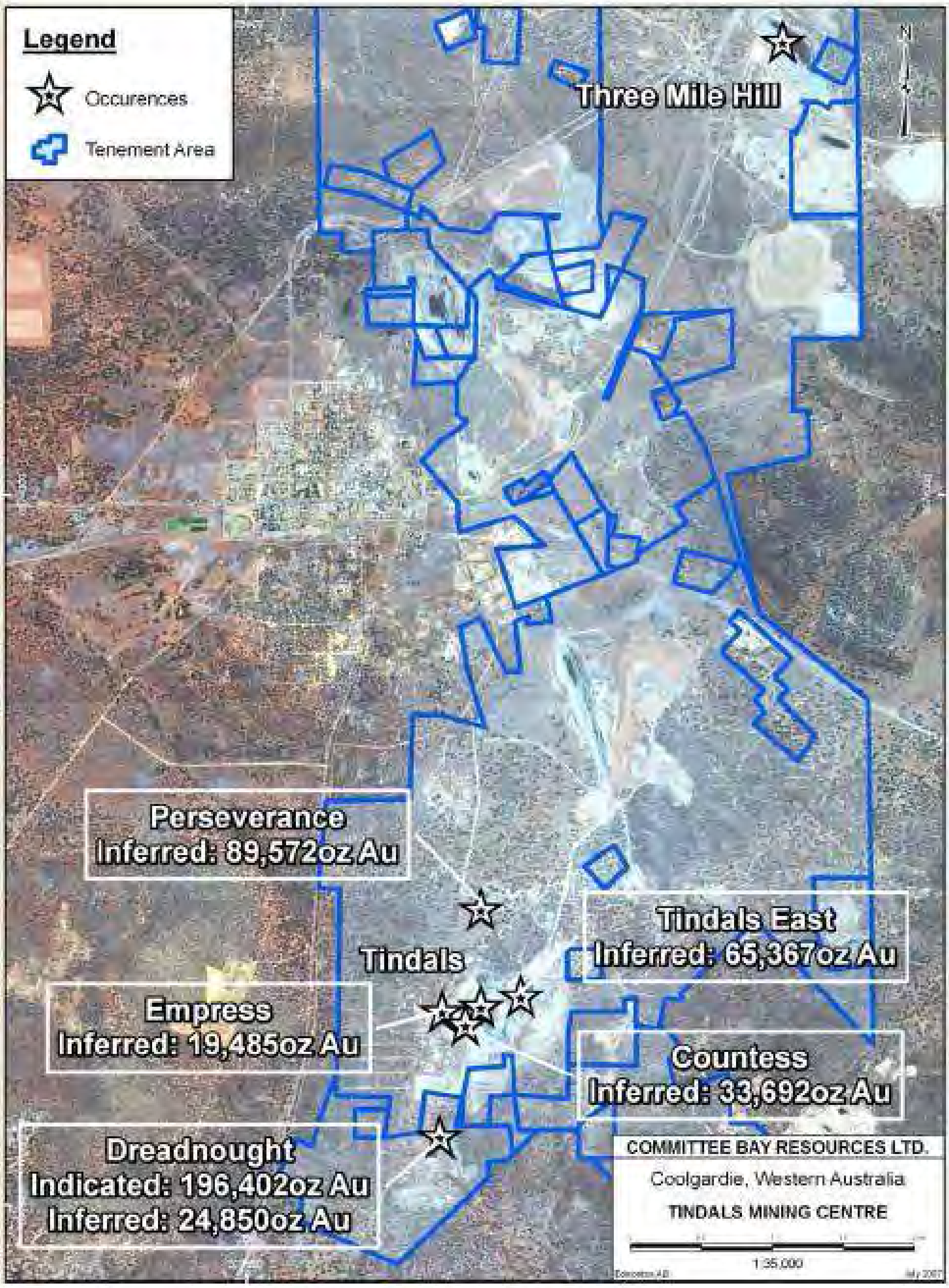


Figure 36: Coolgardie Redemption JV Tenement and Resources
(Source: CBL 2007).

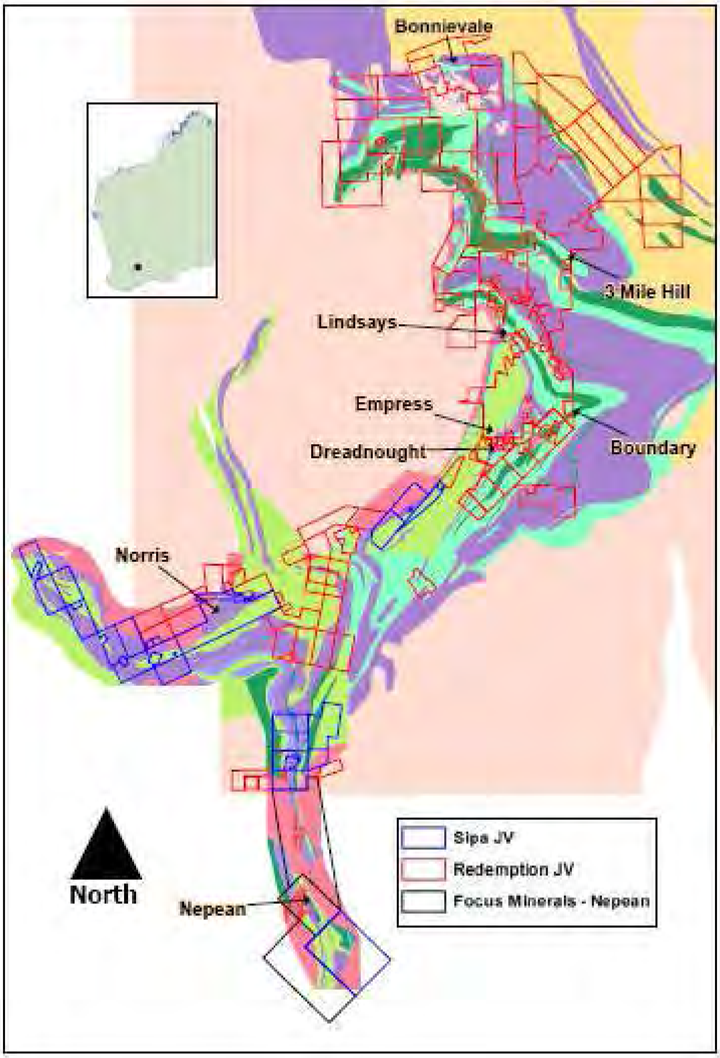


Figure 37: Coolgardie Redemption JV Tenements.
(Source: FML 2008, www.focusminerals.com.au).

15.4.2.6 Meekatharra

In January 2011, Reed Resources Ltd announced the acquisition of 100% interest (via its wholly owned subsidiary GMK Exploration Pty Ltd) in the tenements and assets held by Mercator Gold Australia Pty Ltd (under administration) for $27M and 2M shares.

Mercator had previously purchased the project from St Barbara Mines in 2004 for $38M and then spent $28M on exploration to establish the resource base of 2.5 Moz by 2007. Following completion of a mining review and feasibility study, Mercator spent a further $6M on refurbishing the Bluebird treatment facility.

The Meekatharra Gold project is located 640 km northeast of Perth and 10 km south of Meekatharra in the Archaean Murchison Province of Western Australia (Figure 38). The project covers about 100 km strike length of the Murchison Greenstone belt and has produced in excess of 3.5 Moz Au.

Key assets in the acquisition consist of:

- Meekatharra Gold project consisting of 800 km^2 of granted tenements.
- JORC gold resource at the project of 2.5 Moz (Resources) and 0.42 Moz of Reserves.

  - Indicated Resource of 30.321Mt at 1.7 g/t for 1.702 Moz Au.
  - Inferred Resource of 14.359 Mt at 1.7 g/t for 0.764 Moz Au.
  - Total Resource of 44.680 Mt at 1.7 g/t for 2.466 Moz Au.
- 3Mtpa processing plant, 200 man camp, offices and 7 MW diesel power plant (replacement value in excess of $100M).

The specific terms of the agreement are:

- $2M initial payment.
- $15M March 2011.
- $8M Final payment June 2011.
- Replacement of statutory environmental bonds $2.8M.
- Either 2M shares or $1.3M worth of Reed Resources shares (whichever is greater).
- Tenement holding costs estimated at $1.7M.

The estimated purchase price of $30.8M gives an implied value per oz Au of $12.60 excluding reserves) however it should be noted that Mercator spent about $72M to acquire the same assets giving an implied value of $29.46/oz for the earlier transaction.

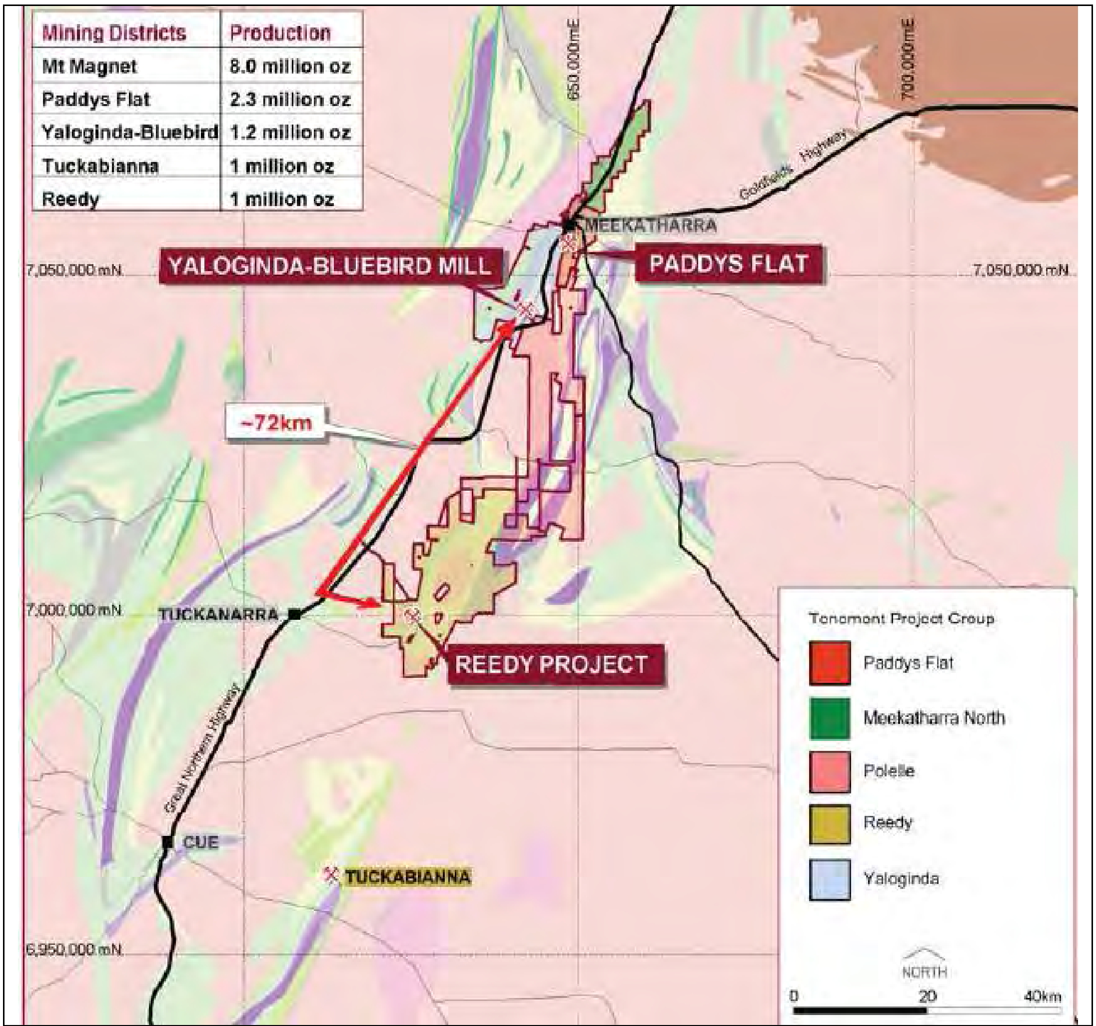


Figure 38: Meekatharra project group.
(Source: Reed Resources 2011, www.reedresources.com/).

15.4.2.7 Burnakura

ATW Venture Corp acquired the Burnakura gold project in October 2007 for some $7.6M (cash & shares) and sold it in 2010 for about $5M (cash and environmental bonds).

The 58.8 km^2 project is located 50 km south of Meekatharra, Western Australia (Figure 39). The Burnakura mine consists of both underground and open pit operations and a 160,000 tonne per annum plant. First mined in the 1990s, Burnakura was later owned by Extract Resources Limited, which brought in Tectonic Resources NL as an operating partner. In 2005, underground production commenced by creating a portal and decline access to ore and milling began late 2005. In April 2007, milling ceased again and in October 2007, ATW purchased the mine. Burnakura commenced production on 3 March 2009 and achieved commercial production in June that year. However the mine was to put back on care and maintenance due to difficulties with the orebody.

Past gold production at Burnakura is reported to be approximately 270,000 ounces from the treatment of 2.06 million tonnes of ore grading 4.1g/t including underground operations (2005 - 2009) which reportedly produced 55,692 ounces of gold from 266,150 tonnes of ore (6.5g/t). Significant gold resources have been outlined at Burnakura but infill drilling is required to establish JORC compliant/gold resources of viable grade (source Jinka 2010 Annual Report).

ATW from Tectonic & Extract (2007)

In October 2007, ATW Venture Corp acquire from Tectonic Resources NL and Extract Resources Ltd a 100% interest in the Burnakura project for $4.0M cash, 5M shares (deemed C$0.65 per share) and 5M C$0.79 warrants (excluded from this valuation).

The project contains a Measured and Indicated Resource of 0.91 Mt at 5.19 g/t Au and an Inferred Resource of 2.91 Mt at 2.6 g/t Au. The known mineralisation is amenable to underground mining.

The purchase price of $7.61M gives an implied value per oz Au of $19.25.

Jinka from ATW (2010)

In June 2010 ATW Gold Corp to announced that it had completed the sale of its Burnakura gold project to Jinka Minerals Ltd for a total of AUD$5,000,000. This consisted of a closing payment of AUD$4,253,000 (of which a AUD$212,650 deposit had already been received) and a payment by Jinka of AUD$747,000 to the Department of Mines in Western Australia for the return of AUD$747,000 of environmental bond funds to ATW's Australian subsidiary.

The project covers six tenements (Figure 40) that are all pre 1994 granted Mining Leases and includes a 160,000 tonnes per annum CIL gold plant that was refurbished in 2008, offices, workshops, 90 man camp and potable water supply. The project has been on managed care and maintenance since October 2009 when ATW Venture Corp ceased processing ore that it was mining from the adjacent NOA2 underground mine.

The purchase price of $5M gives and implied value per oz Au (using the resources quoted by ATW in 2007 of about 395,000 oz) of $12.65.

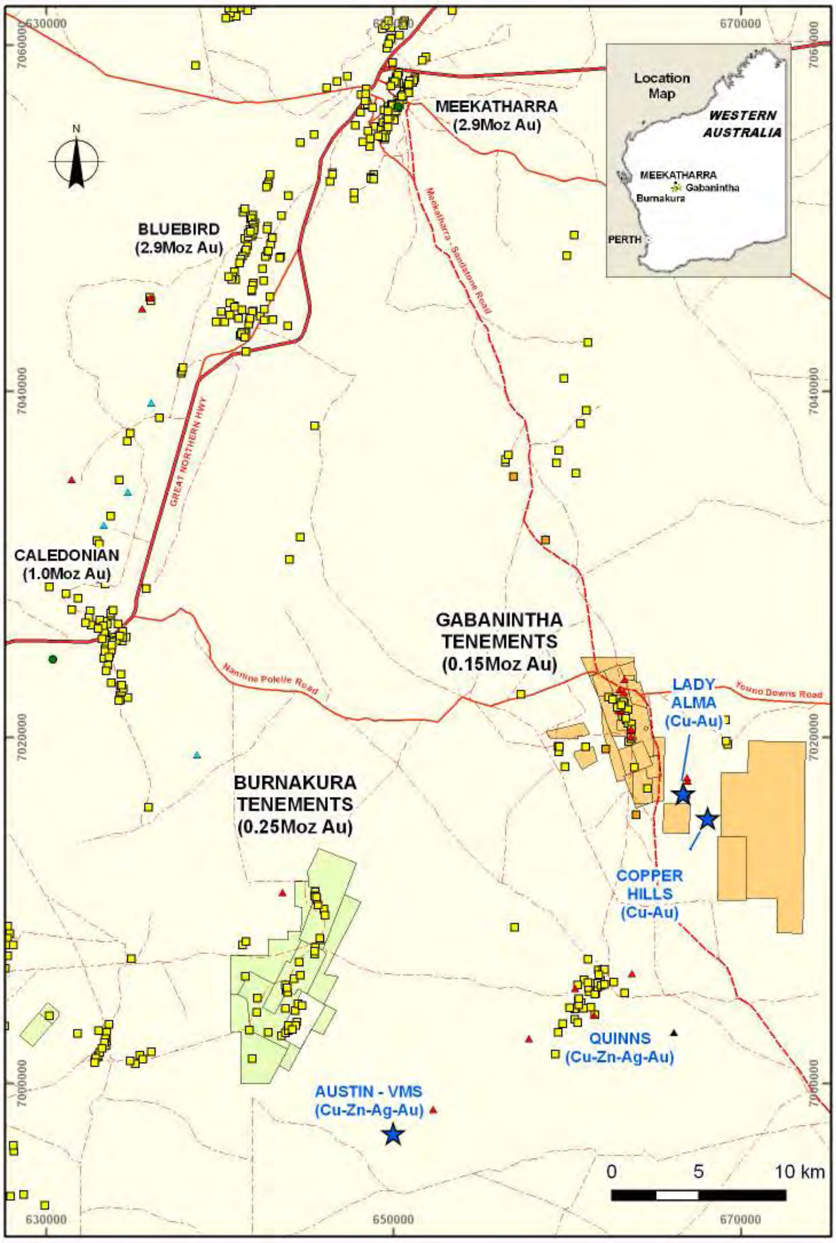


Figure 39: Burnakura project.
(Source: Jinka Minerals 2010 Annual Report 2011, www.jinkaminerals.com.au).

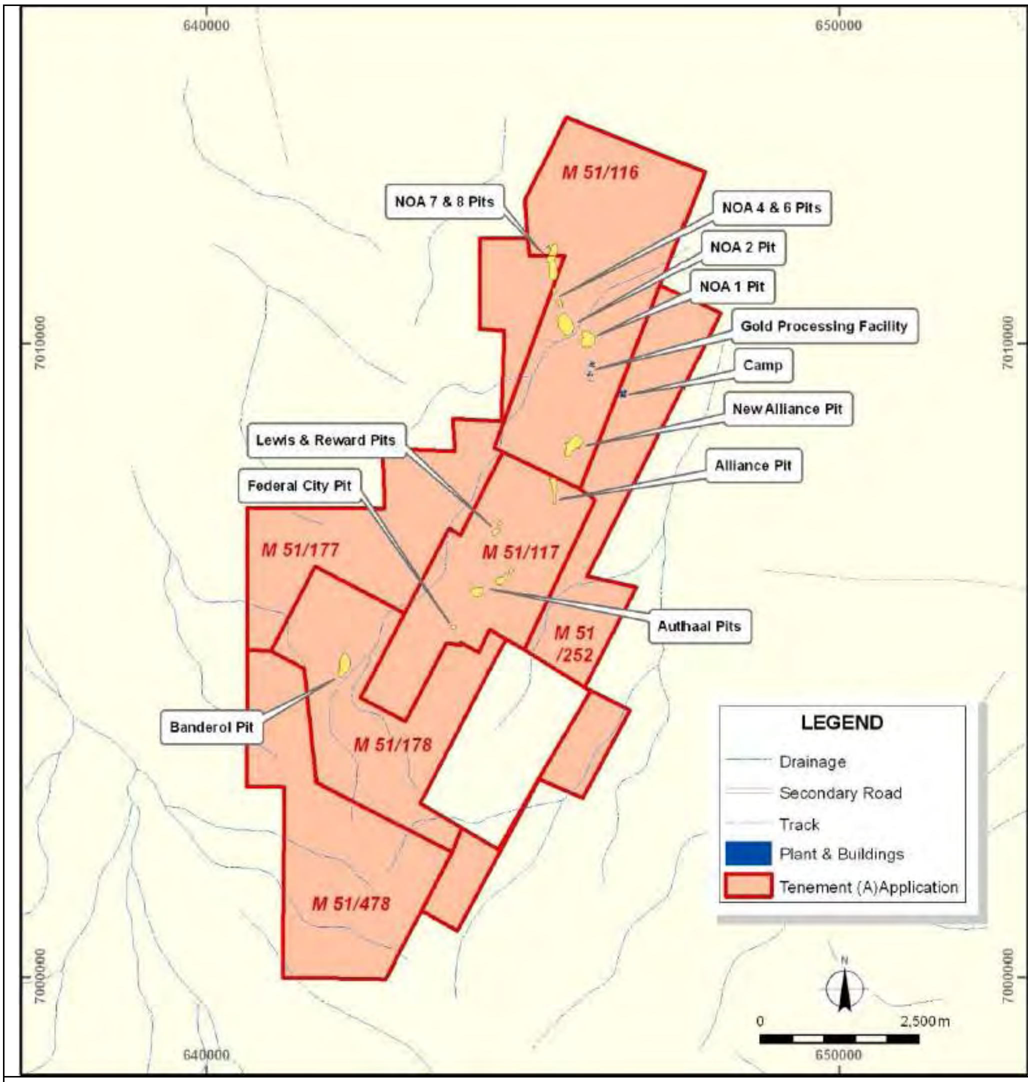


Figure 40: Burnakura project tenements.
(Source: Jinka Minerals 2010 Annual Report 2011, www.jinkaminerals.com.au).

15.4.2.8 Menzies

Regal Resources acquired 100% of the Menzies project from Rox Resources. Regal then farmed out 80% of the project to Black Mountain Gold Ltd, a fully owned subsidiary of Intermin Resources, in 2008.

The Menzies project is located north of Kalgoorlie and covers about 36.5 km^2 over the historic mining centre (Figure 41). Gold mining has occurred at Menzies since its discovery in 1893. Total gold production from the tenements has been approximately 800,000 oz. A total of 902,000 t of ore at 22.5 g/t (654,000 oz) was mined from underground workings and 1.683 Mt at 2.64 g/t (142,700 oz) was recovered via open pit mining during the period 1990 to 1996. Historically the Menzies goldfield has been the highest grade Western Australia gold producer with output in excess of 1M oz.

The project consists of 6 mining leases (2.988 ha) and 4 prospecting licence applications of 588 ha. The tenements are contiguous and cover 18 km of strike along the Menzies Shear Zone.

Rox Resources to Regal Resources (2006)

In March 2006 Regal Resources Ltd acquired a 100% interest in Rox Resources Ltd's Menzies project for A$0.6M cash and 3M shares (deemed $0.15/share).

The project contains a total Measured and Indicated Resource of 1.60 Mt at 2.52 g/t Au and an Inferred Resource of 0.50 Mt at 2.63 g/t Au.

The purchase price of $1.05M gives an implied value per oz Au of $6.15.

Intermin Farm-In from Regal (2008)

In December 2008 Intermin (via its wholly owned subsidiary Black Mountain Gold Ltd) executed a Farm-In joint venture agreement with Regal Resources Ltd whereby BMG has the right to earn an 80% interest in the Menzies gold project over a 3 year period by expenditure of $1.2M.

Gold resources estimated within the tenements by Regal Resources prior to the agreement were:

- Open Pit. Measured, Indicated & Inferred of 2.1 Mt at 2.44 g/t for 164,000 oz of Au
- Underground. Indicated & Inferred of 0.178 Mt at 17.9 g/t for 102,700 oz of Au.

By 2010 Intermin had expended $800,000 to earn 50% and was consolidating its landholding around the project.

The purchase price (on a 100 % basis) of $1.5M gives an implied value per oz Au of $5.62.

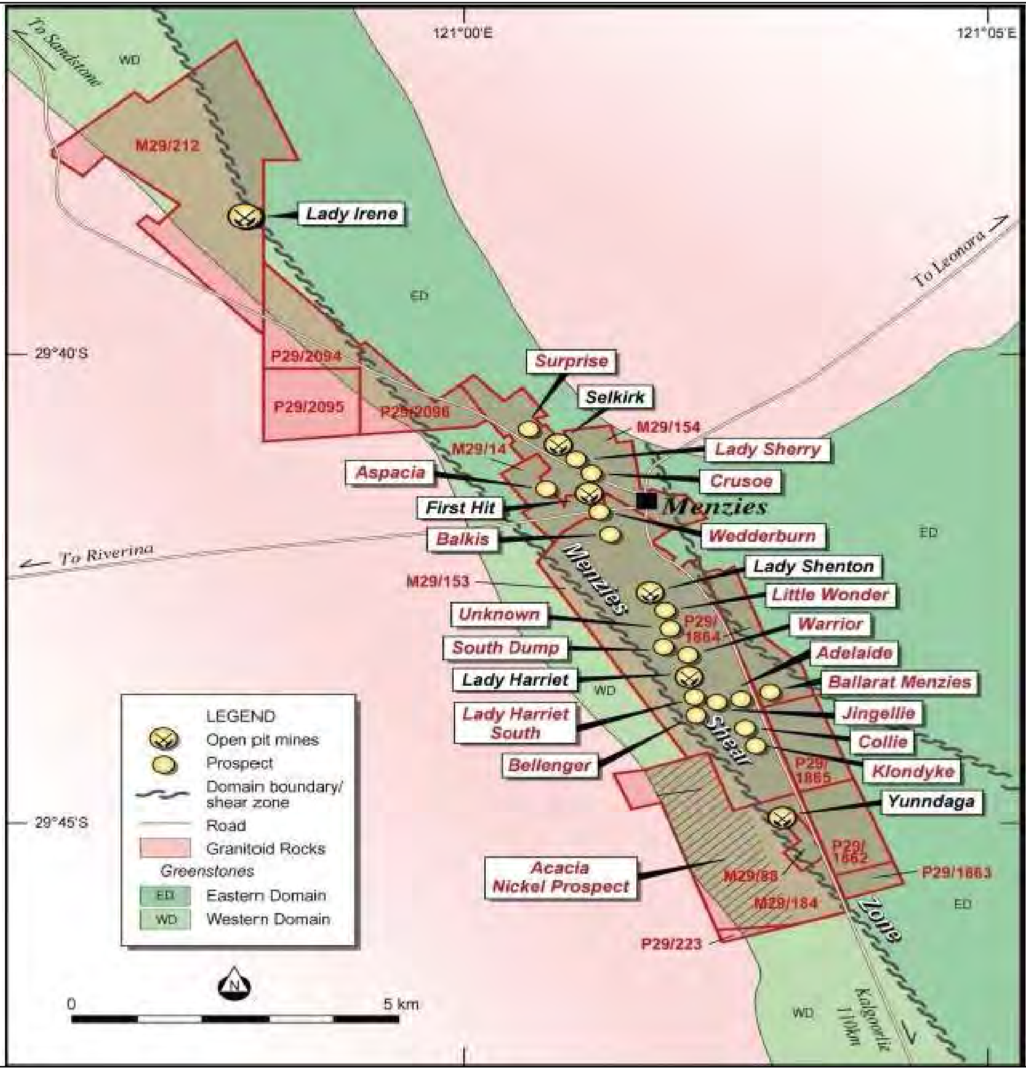


Figure 41: Menzies project.
(Source: Intermin Resources 2009 release, www.asx.com.au).

15.4.2.9 Kalgoorlie North Gold Project

In July 2009, Atom Energy Ltd announce the signing of an agreement to acquire up to 100% of the interest held by Kalgoorlie Mining Associates (KMA) in the Kalgoorlie North Gold Project for a total of A$9.95M over 3 stages.

The extensive package of 98 km^2 of granted mining and prospecting leases, just 45 km north of Kalgoorlie in the Archaean Eastern Goldfields Province of Western Australia, covered 25 km of strike over the well mineralised Bardoc Tectonic Zone extending north from Broad Arrow (Figure 42 &Figure 43). Historic gold production from the Bardoc Mining Centre in the central part of the tenements occurred from the underground Zoroastrian Mine in the late 1890s to early 1900s and from the Zoroastrian and Excelsior open pits mined by Aberfoyle Gold Pty between 1987 and 1991. Open pit production was 200,000 tonnes grading 2.47 g/t from the Zoroastrian Pit and 2,020,000 tonnes grading 1.5 g/t from the Excelsior Pit for a total of 2,220,000 tonnes at 1.6 g/t for 113,000ozs of gold.

The offer included JORC Inferred Resource of 4.6 Mt at 1.8 g/t Au containing 267,000 oz with additional mineralisation identified in over 50 prospects and on depth extensions to existing resources.

The purchase price (100% basis) was $9.95M for and implied value per oz Au of $37.3.

Figure 42. Kalgoorlie North Gold Project Location
Source: Atom Energy Ltd

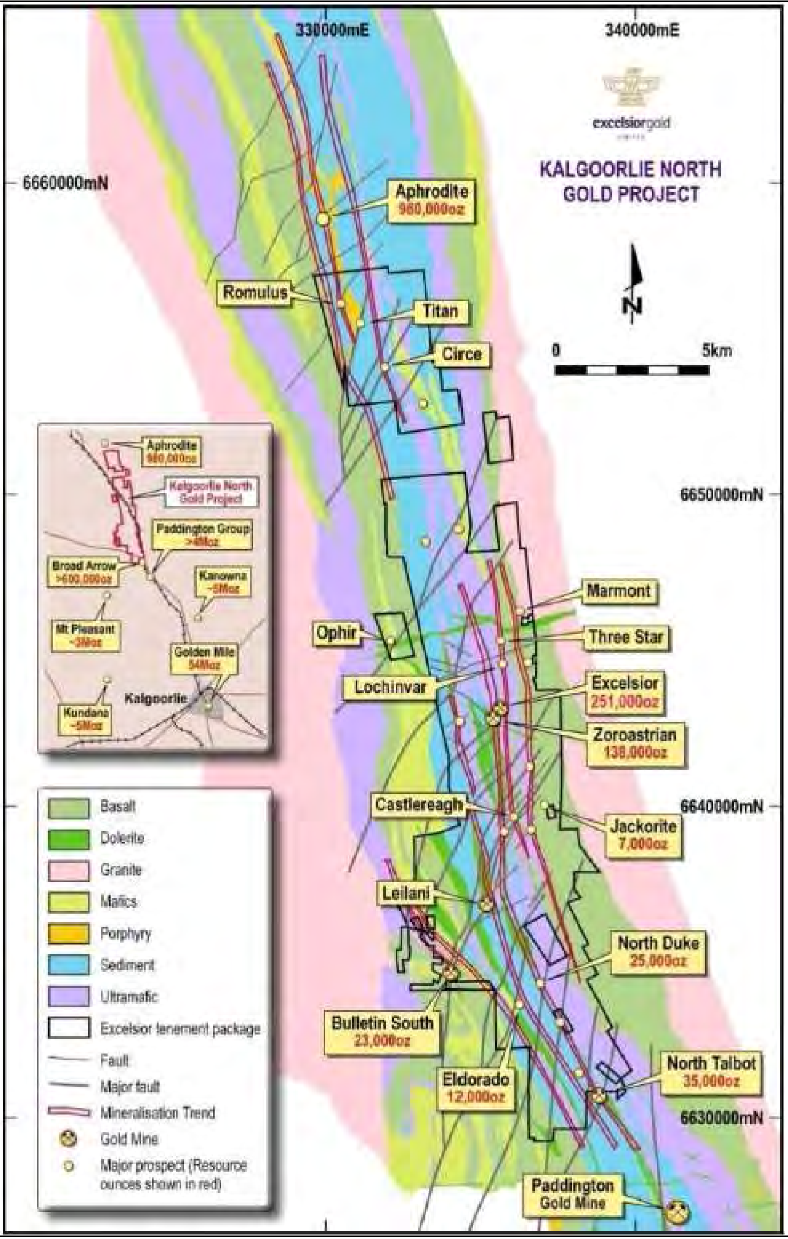


Figure 43. Kalgoorlie North Gold Project
Source: Atom Energy Ltd

15.4.2.10 Blue Funnel

On 31 March 2011 Phoenix Gold Ltd announced the acquisition of 95% of the Blue Funnel Project including a resource of 38,000 oz.

Blue Funnel is located north of Coolgardie in the Eastern Goldfields Province of Western Australia on the Zuleika Shear and is enclosed by Phoenix's existing Broads Dam gold project in the Carbine-Zuleika shear district. The purchase includes a single mining lease (M16/19) covering 109ha (Figure 44) and includes a mineral Resource of 38,000 ounces at 3.9g/t below the existing Blue Funnel Pit which mined approximately 48,000 ounces at 4.5g/t between 1985 to 1993.

Phoenix purchased 95% of the Blue Funnel asset for the following consideration:

- $25,000 non-refundable cash deposit on signing formal agreement

- $275,000 cash payable at settlement
- $800,000 in Phoenix shares (4,000,000 shares at $0.20)
- Gold royalty of $20 per ounce produced from the tenement.

The purchase price (100% basis) of $1.16M gives an implied value per oz Au of $30.47.

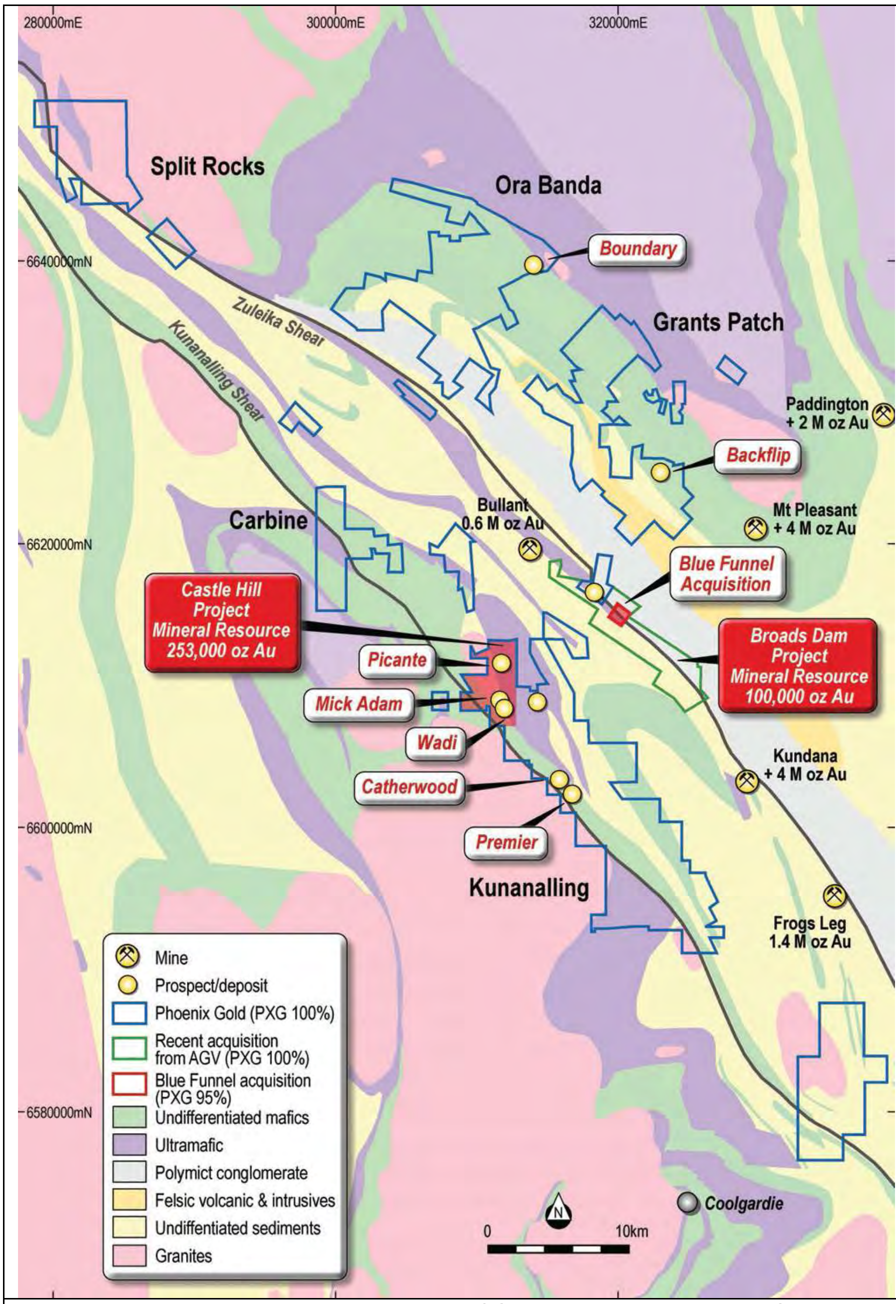


Figure 44. Blue Funnel located north of Coolgardie on the Zuleika Shear.
Source: Phoenix Gold website www.phoenixgold.com.au/

15.4.2.11 Kookynie Gold Project

In June 2009, Nex Metals Exploration Ltd announced the finalisation of negotiations with FMR Investments to acquire 100% of the Kookynie Gold Project with Nex gaining 100% ownership of the projects 44 tenements in return for the issue of 7.8 million shares and payment of $150,000 on settlement and assumption of the standard environmental bonds.

The project is located 200 km north of Kalgoorlie and 50 km south of Leonora on the main gold trend (Figure 45). The project covers all historical mining activity and established historical estimates, delineated by Sons of Gwalia and Resource Evaluation Pty Ltd among others, within this gold field. A total of 12 historical gold estimates provide a non-JORC “estimate” of 424,600 oz.

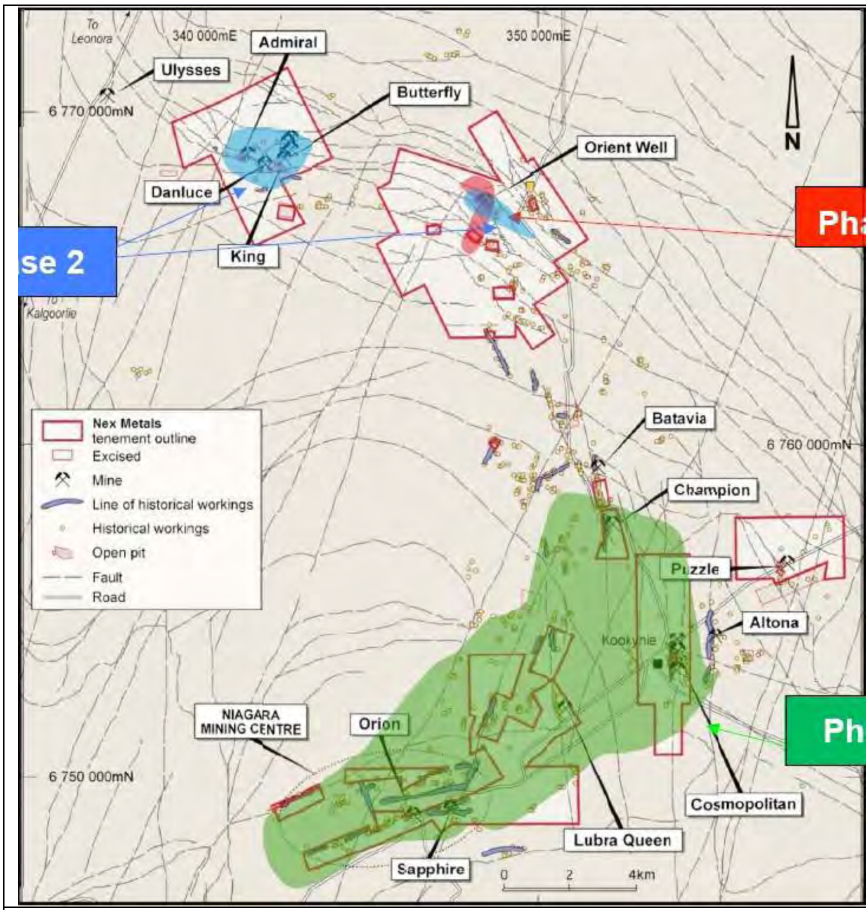


Figure 45. Kookynie tenements covering historical mining centre.
Source Nex Metals website www.nexmetals.com/

17.5 Cost Approach

Details of expenditure on each project are often (but not always) included in the exploration reports lodged with the QLD DME, WA MTO and the NSW DPI. Where actual expenditure has not been reported, MA has estimated the cost where possible, based on the work programme reported each year and the contemporaneous costs for each activity reported by other companies. A tabulation of these expenditures for each project is given in Appendix 1. A summary of the expenditures on each project is given below:

Table 18. Expenditure Summary

Projects	**Expenditure AUD**	
	$ of day	**2010 $**
North QLD	$3,259.352	$5,015,942
New England	$6,161,847	$10,000,031
Lyell NZ (58%)	$440,114	$597,511
BBGP, WA (50%)	$7,823,458	$10,223,823
Total	**$17,684,771**	**$25,837,307**

The expenditures shown in the table above are regarded as conservative, as some company reports contain no expenditure data and the work programme reports lacked sufficient detail to estimate expenditure. The figure for BBGP was collected from WA Form 5 Reports and corrected for mining expenditures.

Thus a reasonable estimate of the value of the Projects using the cost approach would be as follows:

Table 19. Summary Cost Approach Values

Projects	Value AUD
North QLD	$5.0 M
New England	$10.0 M
Lyell NZ (58%)	$0.60 M
BBGP, WA (50%)	$10.22 M
Total	$25.84 M

16. VALUATION CONCLUSIONS

16.1 Summary of Estimates

The summary of estimates have been divided between exploration projects (North QLD, New England NSW, and Lyell NZ) and development projects (BBGP).

16.1.1 Market Approach – Exploration Projects

Compared to the relatively prolific trade in gold exploration properties, there is a paucity of transactions in mineral properties involving minor and specialty metals such as bismuth, molybdenum and tin. Because China has a virtual monopoly on the world supply of tungsten, trading of tungsten mineral properties is even more rare. Tungsten is not traded on the LME so there is little price information.

Hence there is a very wide range of values attributed to transactions involving minor and specialty metals, compared to the fairly consistent values attributed to gold properties like Lyell in NZ. It is interesting to note that the market tends to over-value gold properties compared to the value invested on a cost basis. The opposite is true for properties involving minor metals.

Of the 50 transactions examined in detail, 16 are considered relevant to the market value of Auzex's Exploration Projects. The 16 comparable transactions are summarised in the Table 20.

Table 20 lists the comparable transaction and the values which are applied to the equivalent Auzex exploration project. The valuations for the Auzex exploration projects are based on transactions for other properties with similarities in commodities, geological setting, work completed and prospectivity.

Table 20. Summary of Comparable Transaction Values in 2010 dollars			
Comparable Transaction	**Exploration Projects**		
	North QLD	**New England NSW**	**Lyell NZ (100%)**
Red Hills		$6,090,000	
Logan		$4,080,000	
Sprogge			$3,500,000
Wild Cattle Creek		$5,910,000	
Hawkwood	$3,200,000		
Yanco Glen			
Herberton	$8,250,000		
Juruena			$3,360,000
Mt Carbine		$4,540,000	
Lomero Poyatos			$5,670,000
Tepal	$4,250,000		
Bisie	$15,560,000		
Heemskirk	$9,870,000		
Pound Flat		$6,260,000	
La Gloria		$5,010,000	
Hemerdon		$4,300,000	
Average	**$8,226,000**	**$5,170,000**	**$4,177,000**

The wide range of values for each of the Projects is considered normal for this type of Valuation.

16.1.2 Market Approach – Bullabulling Gold Project

There are a number of gold property transactions that can be used specifically for a comparison for BBGP. All of these properties are located in WA and have similar shallow gold resources of inferred category and beyond. The list of transactions includes the original BBGP transaction in 2010.

Of the 30 transactions examined in detail, 24 are considered relevant to the market value of the BBGP. The 24 comparable transactions are summarised in Table 21.

The following valuations listed in Table 21 are based on price paid for the projects as a function of the stated or calculated in-situ gold resources. These resources ranged from:

- "Target".
- "Global".
- Inferred.
- Inferred and indicated.
- Measured, indicated and inferred.

Table 21. BBGP - Summary of Comparable Transactions Implied Price A$ per ounce, and Implied % of Gold Price (values in current A$)						
	Date	**Project Transaction**	**Total Value A$**	**In-situ Gold Resources**	**Implied Price $/oz**	**$/oz as % of Au price**
1	Mar-11	Blue Funnel Pit	$1.16 M	38,000	30.47	2.18%
2	Jan-11	Meekatharra Gold Project	$30.80 M	2,444,008	12.60	0.90%
3	Jun-10	Burnakura Project	$5.00 M	395,097	12.66	0.88%
4	Jan-10	BBGP (100%)	$6.00 M	431,700	13.90	1.13%
5	Jul-09	Kalgoolie North Project	$9.95 M	266,208	37.38	3.21%
6	Jun-09	Kookynie Project	$1.65 M	424,600	3.89	0.33%
7	Apr-09	Bronzewing Gold Project	$16.00 M	879,965	18.18	1.46%
8	Jun-08	White Well Project	$1.10 M	83,592	13.16	1.41%
9	May-08	Durack Project	$0.59 M	42,632	13.84	1.48%
10	May-08	Kalgoorlie West Project	$23.80 M	681,017	34.95	3.73%
11	May-08	Three Rivers Project	$2.00 M	131,175	15.25	1.63%
12	May-08	Celtic, Redcastle, Euro Projects	$2.18 M	228,069	9.56	1.02%
13	Apr-08	Minjar Project	$11.00 M	407,221	27.01	2.76%
14	Mar-08	Comet Kurrajong Projects	$1.20 M	207,887	5.77	0.55%
15	Mar-08	Coolgardie Project	$60.00 M	1,646,496	36.44	3.48%
16	Jan-08	Mt Korong Project	$2.50 M	92,498	27.03	2.68%
17	Dec-07	Eucalyptus Project	$2.00 M	175,212	11.41	1.24%
18	Oct-07	Burnakura Project	$7.61 M	395,097	19.26	2.60%
19	Aug-07	Tuckabianna Project	$1.20 M	209,108	5.74	0.72%
20	Aug-07	Riverina Project	$4.50 M	196,698	22.88	2.90%
21	May-07	Youanmi Project	$10.00 M	953,060	10.49	1.37%
22	Jan-07	Meekatharra Gold Project	$72.00 M	2,444,008	29.46	3.32%
23	Mar-06	Menzies Project	$1.05 M	171,910	6.11	0.80%
24	Feb-05	Coolgardie Project	$20.00 M	1,396,545	14.32	2.64%

MA examined the impact of the price per ounce by resource size, category, and by percentage of gold price; and noted that within the range of values calculated, that aside from a general trend for prices to increase with increasing gold price (especially in the $400 to $900 gold price range, Figure 46), there is no definitive trend recognized from the database of 24 transactions. This indicates that mineral resource size or category cannot be solely used as a guide for the price per ounce paid.

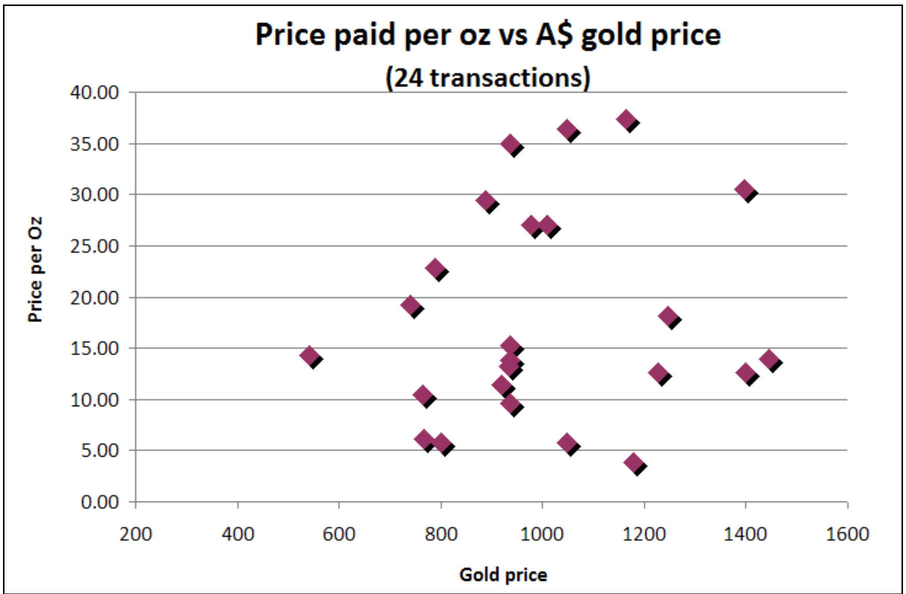
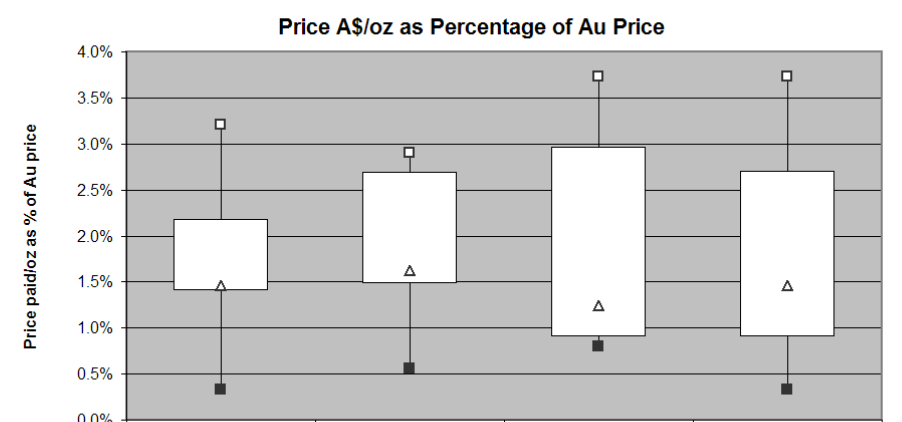


Figure 46. Price paid per ounce vs A$ gold price for 24 transactions

The wide range of values for each of the Projects is considered normal for this type of Valuation. The range of price paid per ounce as a percentage of the gold price by resource category group for 24 transactions was tabulated by MA for this study (Figure 47 & Figure 48). Note that Inferred includes “target” and “global” descriptions. No definite trend in value per ounce with increase resource category can be observed, although the range of values increases significantly with increasing category suggesting that a number of other factors are in play and the Preferred Value chosen should take these into account.



	Inferred	Indicated	Measured	All
Q1	1.41%	1.48%	0.90%	0.90%
■ min	0.33%	0.55%	0.80%	0.33%
□ max	3.21%	2.90%	3.73%	3.73%
Q3	2.18%	2.70%	2.96%	2.70%
Δ median	1.46%	1.63%	1.24%	1.46%

Figure 47. Range of price paid per ounce as a percentage of the gold price by resource category group for 24 transactions (Inferred includes “target” and “global” descriptions)

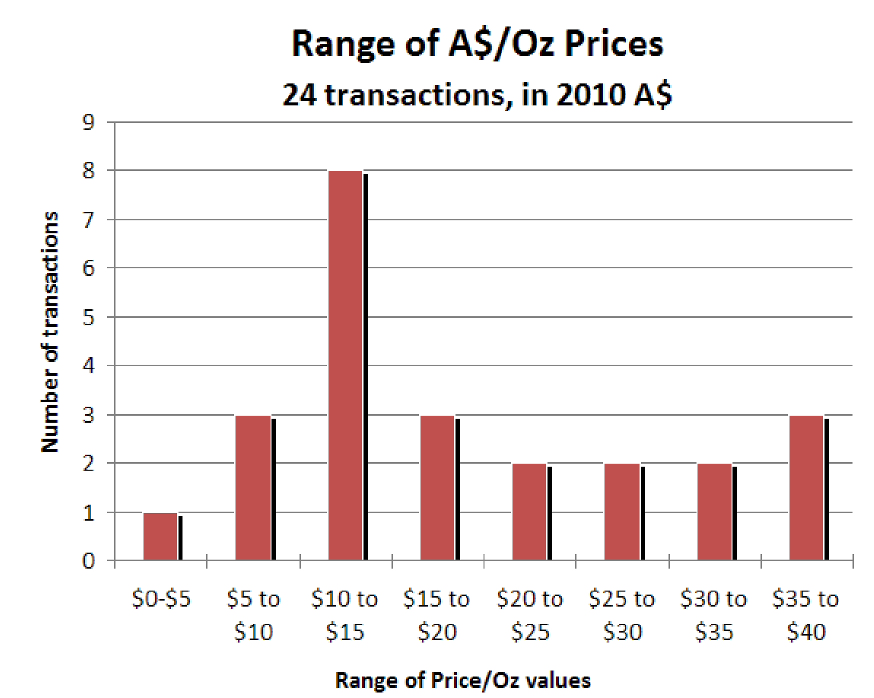


Figure 48. Range of price paid per ounce for 24 transactions

The wide range of values for each of the Projects is considered normal for this type of Valuation. MA notes as shown in Figure 47 that the average value/oz as a percentage of gold price is fairly consistent by resource category.

MA notes that there are several instances of the transaction for the same project. Two of the properties listed in Table 21 above are significant in terms of similarity of transactions, i.e. very comparable to the current transaction: Bullabulling and Coolgardie.

The Bullabulling transaction is the same property which occurred in 2010 and thus implies a base value for the property, excluding expenditures completed.

The Coolgardie transactions (# 15 and 24, Table 21) are 2 transactions for a very similar property situation to that at Bullabulling with the Redemption JV at Coolgardie being a former open pit mining operation located within the same geological region as Bullabulling at nearby Coolgardie. The 2 transactions listed above are by the same group for the same property over a short time period (2005 to 2008) and reflect the increase in value from $14.32/oz to $36.44/oz of some 154%. Exploration during this period allowed the conversion of Indicated and Inferred resources to Measured, Indicated and Inferred although the contained ounces only increased 18%. The gold price during this period increased some 93% in Australian dollar terms.

Preferred Value for BBGP

Since the previous transaction in 2010, some $3,788,145 has been spent on the project, mainly on a program to establish higher category mineral resources. The mineral resource estimate was also updated from a contained 431,700 ounces of Measured, Indicated and Inferred category resources to a contained 1,982,000 ounces of Inferred category resources, an increase of 368% in contained gold. MA notes that the price paid per oz in 2010 was an implied $13.9 which was 1.13% of the gold price. In terms of the price paid per ounce as a percentage of gold price, the transactions reviewed range from 0.33 to 3.73%. The third quartile figure is 2.70% which equates to a price of $38.20 per oz at the average May 2011 gold price.

We believe that a price per oz which equates to the third quartile of our WA transaction database of 2.70% of the gold price i.e. $38.20 /oz, is an appropriate price for the BBGP as it accounts for:

a) The 368% increase in contained gold from acquisition in 2010 to the resource update of 1,982,000 oz.

b) The 16% increase in AUD gold price (36% increase in USD price).

c) The likelihood of a substantial upgrade in the mineral resource base from the current and on-going exploration work, suggesting a selection at the higher end of the range, or $38.20 per oz.

MA notes that the 2011 resource estimation for BBGP currently in progress in intended to convert a portion of the Inferred resource base to Measured and Indicated as planned according to the drilling pattern and as noted from MA's field review. This new situation would be expected to be reflected in a higher value per ounce of the BBGP project. The expected higher value cannot be applied until the new resource estimate is completed.

This results in an MA Preferred Valuation for BBGP of
$38.20 x 1,982,000 oz x 50% ownership = $37,900,000

The above valuations do not take into account private or state royalties. MA has found that all mineral projects have associated royalty payments that will impact on the value of each specific project, in particular where a DCF based valuation is used, but the normal range of royalties generally applied does not impact on the Market Approach which is based on Comparable Transactions as this, by definition, includes all comparable factors, including royalties. We would note that is one of the reasons that Comparable Transaction values tend to use a lower gold price per ounce than that used in a DCF based valuation.

16.2.1 Cost Approach – Exploration Projects

A very conservative estimate of the cost of replicating the effective exploration work done to date on the Projects is given below. There is no question that this work has substantially enhanced the value of the properties:

Table 22. Summary Cost Approach Values

Projects	**Value AUD**
North QLD	$5.0M
New England	$10.0M
Lyell NZ (58%)	$0.60M
BBGP, WA (50%)	$10.22M
Total	$25.84M

16.2.1 Cost Approach – Bullabulling Gold Project

There is a considerable amount of exploration expenditure conducted on the BBGP tenement both before and after the 2010 acquisition. The cost includes those spent by the BBGP Joint Venture since April 2010 and previous costs researched through the Western Australia Mining Tenement Office. The previous costs used in this valuation exclude previous costs related to mining operations, i.e. "mining operation" costs were deducted from the total costs of the Form 5 reports. The Form 5 data being the reported actual expenditure is a reasonably accurate estimate of the cost of replicating the effective exploration work done to date on the BBGP. The data is listed in the appendix.

16.2 VALUATION

The three generally accepted Valuation approaches are:

- Income Approach.
- Market Approach.
- Cost Approach.

The ***Income Approach*** is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property, most commonly Discounted Cash Flow or DCF. This approach is not applicable to the BBGP or the other Projects as none contain measured resources or reserves that comply with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") established by the Joint Ore Reserves Committee, and so a different approach is required for those Projects.

The primary methods used in this Valuation are the Market Approach and the Cost Approach.

The ***Market Approach*** is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market. Methods include comparable transactions and option or farm-in agreement terms analysis.

The ***Cost Approach*** is based on the principle of contribution to value. The method is one commonly used where exploration expenditures are analysed for their contribution to the exploration potential of the Mineral Property.

On the basis of an analysis of 16 comparable transactions for the Exploration Projects and 24 comparable transactions for the BBGP, and a review and analysis of 306 open-file reports of previous exploration within the Projects, the following tabulation has been compiled. The "Preferred" column lists the most preferable value placed on each Project by MA:

Table 23. Summary valuations

Project	Market Approach		Cost Approach	Preferred		
	Low AUD$M	High AUD$M	AUD$M	Low AUD$M	Preferred AUD$M	High AUD$M
North Queensland	$4.1	$6.1	$5.0	$5.0	$5.0	$6.1
New England NSW	$3.2	$15.6	$10.0	$10.0	$10.0	$15.6
Lyell NZ (for 58%)	$1.9	$3.3	$0.6	$1.9	$2.3	$3.3
BBGP WA (for 50%)	$4.6	$52.4	$10.2	$10.2	$37.9	$52.4
Total Value AUD	**$13.8**	**$77.4**	**$25.8**	**$27.1**	**$55.2**	**$77.4**

The Preferred values for the Exploration Projects in Queensland and NSW are based on the Cost Approach, which is in close agreement with central value of the Market Approach.

The Preferred value for the Exploration Project in NZ is based on the Market Approach, which is higher than the Cost Approach due to the recent positive exploration results.

The Preferred values for the BBGP Project are based on the Market Approach but with a minimum based on costs to date.

Since the previous transaction in 2010, some $3,788,145 has been spent on the project, mainly on a program to establish higher category mineral resources. The mineral resource estimate was also updated from a contained 431,700 ounces of Measured, Indicated and Inferred category resources to a contained 1,982,000 ounces of Inferred category resources, an increase of 368% in contained gold. MA notes that the price paid per oz in 2010 was an implied $13.9 which was 1.13% of the gold price.

In terms of the price paid per ounce as a percentage of gold price, the transactions reviewed range from 0.33 to 3.73%. The third quartile figure is 2.70% which equates to a price of $38.20 per oz at the average May 2011 gold price.

We believe that a price per oz which equates to the third quartile of our WA transaction database of 2.70% of the gold price i.e. $38.20 /oz, is an appropriate price for the BBGP as it accounts for:

a) The 368% increase in contained gold from acquisition in 2010 to the resource update of 1,982,000 oz.

b) The 16% increase in AUD gold price (36% increase in USD price).

c) The likelihood of a substantial upgrade in the mineral resource base from the current and on-going exploration work, suggesting a selection at the higher end of the range, ie $38.20 per oz.

d) This results in an MA Preferred Valuation for BBGP of $38.20 x 1.982Moz x 50% ownership = $37.9M

The Coolgardie transactions are 2 transactions for a very similar property situation to that at Bullabulling with the Redemption JV at Coolgardie being a former open pit mining operation located within the same geological region as Bullabulling at nearby Coolgardie. The 2 transactions listed above are by the same group for the same property over a short time period (2005 to 2008) and reflect the increase in value from $14.32/oz to $36.44/oz or some 154%. Exploration during this period allowed the conversion of Indicated and Inferred resources to Measured, Indicated and Inferred although the contained ounces only increased 18%. The gold price during this period increased some 93% in Australian dollar terms.

MA notes that the 2011 resource estimation for BBGP currently in progress in intended to convert a portion of the Inferred resource base to Measured and Indicated as planned according to the drilling pattern and as noted from MA's field review. This new situation would be expected to be reflected in a higher value per ounce of the BBGP project. The expected higher value cannot be applied until the new resource estimate is completed.

MA further notes that the BBGP is expected to shortly release the results of a Scoping Study, or Preliminary Economic Assessment (PEA), into the viability of establishing a mining operation at Bullabulling. The release of this study will allow the economics of the operation to be tested and a valuation on this basis, including a Discounted Cash Flow, to be determined. The advancement of a project to this stage could reasonably be expected to reduce risk and add considerable value. For example, Canadian listed Fronteer Gold Inc paid C$272.3M for AuEx Ventures Inc's 49% interest in the Long Canyon project joint venture in November 2010. Long Canyon is an oxide gold deposit located in Nevada, USA containing 772,000 oz Au at a grade of 1.71g/t in Measured and Indicated categories plus 552,000 oz at a grade of 1.65g/t in Inferred category, for a contained total of 1.224 M oz. Fronteer effectively paid C$454/oz (AUD$445/oz) which equates to 31.6% of the November 2010 AUD$ gold price. Fronteer had previously released a PEA in December 2009 based on the projects previous resource estimate of 822,000 contained oz in Indicated and Inferred categories. Although a different geological setting, it can be considered an appropriate comparison due to the similar open pittable resource size located within a historically gold rich mining region. MA cannot suggest that this would also occur for Bullabulling, but it does give an indication of the type of increase possible.The above valuations do not take into account private or state royalties. MA has found that all mineral projects have associated royalty payments that will impact on the value of each specific project, in particular where a DCF based valuation is used, but the normal range of royalties generally applied does not impact on the Market Approach which is based on Comparable Transactions as this, by definition, includes all comparable factors, including royalties. We would note that is one of the reasons that Comparable Transaction values tend to use a lower gold price per ounce than that used in a DCF based valuation.

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18. CERTIFICATE OF QUALIFICATIONS

DAVID GARRED JONES, F.Aus.I.M.M., F.I.M.M.M., M.S.M.E., M.G.S.A

STATEMENT OF QUALIFICATIONS

I, David Garred Jones, HEREBY CERTIFY THAT:

1) I am an independent consulting geologist with a business address 56 Fallon Drive, DURAL NSW 2158, Australia

2) I am a graduate of the University of Adelaide, Adelaide, South Australia with a B.Sc. in Geology (1964) and M.Sc. in Geology (1976).

3) I have been a Fellow in good standing of the Australasian Institute of Mining and Metallurgy ("The AusIMM") since 1973 with member number 102460 having first joined that organisation in 1963; a Fellow in good standing since 1993 of the Institute of Materials, Minerals and Mining (London) with member number 99301104; a Registered Member in good standing of the Society for Mining, Metallurgy & Exploration Inc. (Denver) since 1973 with member number 1637220; and a Member in good standing of the Geological Society of Australia since 1963 with member number 3192. Membership of The AusIMM meets the requirement of Section 37(d) of the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code (2005) – "VALMIN"). All of these are Professional Associations as defined in S1.0 of the Standards and Guidelines for Valuation of Mineral Properties (CIMVal Final Version February 2003 – "CIMVal").

4) I have carried out geological work on projects in 11 countries including Australia, Fiji, Great Britain, Greece, Indonesia, Ireland, New Zealand, Papua New Guinea, Romania, Solomon Islands and Vietnam. I have overseen exploration in a further 14 countries including Bolivia, Brazil, Bulgaria, Burma, Canada, China, Czech Republic, Hungary, Kyrgyz Republic, Laos, Slovakia, Turkey, Vanuatu and the USA. I am familiar with the geology and mineralisation in the areas where Auzex holds mineral tenements.

5) I have read the definition of "Independent Individual Expert" set out VALMIN Section 37 and certify that by reason of my education, affiliation with a professional association (as defined in VALMIN) and past relevant work experience, I fulfill the requirement to be an "Expert" for the purposes of VALMIN. I have read the definition of "qualified valuator" set out in CIMVal and certify that by reason of my education, affiliation with a professional association (as defined in CIMVal) and past relevant work experience, I fulfill the requirement to be a "qualified valuator" for the purposes of CIMVal.

6) I am co-author of the Valuation entitled "Valuation of Mineral Properties of Auzex Resources Limited in Australia and New Zealand" dated 18th May2011 ("the Valuation"). I have reviewed all sections of the report for which I am responsible and found them to be accurate and reliable within the limitations of this Valuation.

7) I have previously inspected the properties that are the subject of the Valuation.

8) I am not aware of any material fact or material change with respect to the subject matter of the Valuation that is not reflected in the Valuation, the omission to disclose which would make the Valuation misleading.

9) I am fully independent of the issuer applying all of the tests set out in Sections 24-27 of VALMIN and in section 1.4 of NI43-101 and as defined in S1.0 Definitions of CIMVal.

10) I have read the VALMIN Code (2005), NI43-101, Form 43-101F1 and CIMVal. This Valuation is in compliance with that Code instrument, form and standard.

11) I consent to the public filing of the Valuation with any stock exchange and any other regulatory authority and any publication by them for regulatory purposes, including filings and electronic publication in the public company files on their websites accessible by the public, of the Valuation and to extracts from, or a summary of, the Valuation in any written disclosure being filed, by Auzex ResourcesLimited, in public information documents so being filed including any offering memorandum, preliminary prospectus and final prospectus.

12) As of the date of this certificate, to the best of my knowledge, information and belief, the Valuation contains as much scientific and technical information that is available to be disclosed at this time to make the Valuation not misleading.

David G Jones

BSc., MSc., FAusIMM, FIMMM, MSME, MGSA

Dated at Sydney, NSW, Australia

18th May2011

IAN TAYLOR, MAIG, MAusIMM

STATEMENT OF QUALIFICATIONS

I, Ian A Taylor, B.Sc (Hons Econ Geol.), hereby certify that:

1) I am an independent Consulting Geologist and Professional Geoscientist residing at 38 Ellerby Rd, Moggill, Queensland 4070, Australia (Telephone +61-0-400 134 773) and am employed by Mining Associates Ltd ("MA") based in Brisbane, Australia.

2) I graduated from James Cook University with a Bachelor of Science Degree (Honours Economic Geology) in 1993. I have over 17 years experience in the minerals industry and have had diverse experience in Australian and International mineral exploration, project assessments, and ore resource estimation. I have specialist experience in precious metals, copper, nickel and uranium and in a wide range of geological environments. I have worked for a number of major minerals companies, including Kalgoorlie Consolidated Gold Mines, Sons of Gwalia and Lightning Nickel in WA, and Qld. My experience includes mining, resource evaluation, due diligence studies and feasibility studies. I have been involved with a number of major resource projects including the Fimiston Open Pits, Long Shaft Nickel and Twin Hills Silver Mine. I have worked more recently as a consulting geologist, and have consulted primarily in relation to gold resource estimates (epithermal gold – high and low sulphur systems), copper (porphyry) and uranium (unconformity related) resource projects in Indonesia, Philippines, Papua New Guinea and Australia.

3) I am a Member of the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgists.

4) I have read the definition of "Independent Individual Expert" set out VALMIN Section 37 and certify that by reason of my education, affiliation with a professional association (as defined in VALMIN) and past relevant work experience, I fulfill the requirement to be an "Expert" for the purposes of VALMIN. I have read the definition of "qualified valuator" set out in CIMVal and certify that by reason of my education, affiliation with a professional association (as defined in CIMVal) and past relevant work experience, I fulfill the requirement to be a "qualified valuator" for the purposes of CIMVal.

5) I am co-author of the Valuation entitled "Valuation of Mineral Properties of Auzex Resources Limited in Australia and New Zealand" dated 18th May2011 ("the Valuation"). I have reviewed all sections of the report for which I am responsible and found them to be accurate and reliable within the limitations of this Valuation.

6) I have previously inspected the properties that are the subject of the Valuation.

7) I am not aware of any material fact or material change with respect to the subject matter of the Valuation that is not reflected in the Valuation, the omission to disclose which would make the Valuation misleading.

8) I am fully independent of the issuer applying all of the tests set out in Sections 24-27 of VALMIN and in section 1.4 of NI43-101 and as defined in S1.0 Definitions of CIMVal.

9) I have read the VALMIN Code (2005), NI43-101, Form 43-101F1 and CIMVal. This Valuation is in compliance with that Code instrument, form and standard.

10) I consent to the public filing of the Valuation with any stock exchange and any other regulatory authority and any publication by them for regulatory purposes, including filings and electronic publication in the public company files on their websites accessible by the public, of the Valuation and to extracts from, or a summary of, the Valuation in any written disclosure being filed, by Auzex Resources Limited, in public information documents so being filed including any offering memorandum, preliminary prospectus and final prospectus.

11) As of the date of this certificate, to the best of my knowledge, information and belief, the Valuation contains as much scientific and technical information that is available to be disclosed at this time to make the Valuation not misleading.

Ian Taylor
BSc *(Honours Economic Geology), MAIG, MAusIMM*
Qualified Person

Dated at Brisbane, QLD Australia

18th May2011

ANDREW JAMES VIGAR, F.Aus.I.M.M, M.S.EG.,

STATEMENT OF QUALIFICATIONS

I, Andrew James Vigar, B.App.Sc (Geol.), hereby certify that:

1) I am an independent Consulting Geologist and Professional Geoscientist residing at 97 Isaac Street, Spring Hill Queensland 4000, Australia with my office at Level 4, 67 St Paul's Terrace, Brisbane, Queensland 4001, Australia (Telephone +61-7-38319154).

2) I graduated from the Queensland University of Technology, Brisbane, Australia in 1978 with a Bachelor Degree in Applied Science in the field of Geology.

3) I have continuously practised my profession as a Geologist for the past 30 years since graduation, in the fields of Mineral Exploration, Mine Geology and Resource Estimation. I have held senior positions with Emperor Gold, WMC, Costain Australia and CRA (Rio Tinto) prior to commencing full-time consulting in 1996. I have been involved in consulting to the minerals industry both independently (Vigar & Associates and now Mining Associate Pty Ltd) and as an employee of the international consultancy, SRK Consulting.

4) My specific experience concerning the Bullabulling Gold Project is my extensive experience in mineral resource estimation in a number of gold deposits environments including both Archaean gold lode style of mineralization and deposits and epithermal gold vein style ore bodies. I have worked in mineral exploration since 1980 when I joined the exploration team at the Vatukoula gold mine in Fiji. This was followed by senior roles at gold mines in Western Australia and Queensland and exploration/evaluation in SE Asia and PNG. I spent 2 years with the WH Bryan Mining Geology Research Centre at the University of Queensland tutoring and studying Geostatistics. I commenced full-time consulting in 1996. I have prepared in-depth reviews and/or resource estimates of a large number of deposits over the last 14 years. I have worked on the identification and estimation of resources for gold lode/epithermal/hydrothermal mineralisation in similar environments in PNG, Fiji, New Zealand, Philippines, Indonesia and Southern China as well as throughout Australia.

5) I was elected a Fellow of the Australasian Institute of Mining and Metallurgy ("The AusIMM") in 1993, having been a member since 1980. My status as a Fellow of The Aus IMM is current, and I am recognized by the Australian Securities and Investments Commission and the Australian Stock Exchange as a Qualified Person for the submission of Independent Geologist's Reports.

6) I have read the definition of "Independent Individual Expert" set out VALMIN Section 37 and certify that by reason of my education, affiliation with a professional association (as defined in VALMIN) and past relevant work experience, I fulfill the requirement to be an "Expert" for the purposes of VALMIN. I have read the definition of "qualified valuator" set out in CIMVal and certify that by reason of my education, affiliation with a professional association (as defined in CIMVal) and past relevant work experience, I fulfill the requirement to be a "qualified valuator" for the purposes of CIMVal.

7) I am co-author of the Valuation entitled "Valuation of Mineral Properties of Auzex Resources Limited in Australia and New Zealand" dated 18th May2011 ("the Valuation"). I have reviewed all sections of the report for which I am responsible and found them to be accurate and reliable within the limitations of this Valuation.

8) I have previously inspected the properties that are the subject of the Valuation.

9) I am not aware of any material fact or material change with respect to the subject matter of the Valuation that is not reflected in the Valuation, the omission to disclose which would make the Valuation misleading.

10) I am fully independent of the issuer applying all of the tests set out in Sections 24-27 of VALMIN and in section 1.4 of NI43-101 and as defined in S1.0 Definitions of CIMVal.

11) I have read the VALMIN Code (2005), NI43-101, Form 43-101F1 and CIMVal. This Valuation is in compliance with that Code instrument, form and standard.

12) I consent to the public filing of the Valuation with any stock exchange and any other regulatory authority and any publication by them for regulatory purposes, including filings and electronic publication in the public company files on their websites accessible by the public, of the Valuation and to extracts from, or a summary of, the Valuation in any written disclosure being filed, by Auzex ResourcesLimited, in public information documents so being filed including any offering memorandum, preliminary prospectus and final prospectus.

13) As of the date of this certificate, to the best of my knowledge, information and belief, the Valuation contains as much scientific and technical information that is available to be disclosed at this time to make the Valuation not misleading.

Andrew James Vigar
B App.Sc.(Geol),
Qualified Person

Dated at Brisbane, QLD Australia

18th May2011

APPENDIX 1

Previous Exploration Expenditure

EPM 14497 “KHARTOUM” & EPM 15570 “KHARTOUM NORTH”

Previous Company Exploration Expenditure

Year	Company	Activity	No. samples	No.m drilled	Expenditure Reported	Expenditure Estimated in Khartoum	Cost per sample	Cost per m drilled	CPI	Expenditure 2010 $	Expenditure credited 2010 $
1963	CEC	RAB/DD			$27,590	$27,590			12.20	$336,598	$336,598
1964	BHP				$60,406	$20,135			11.91	$239,711	$239,711
1965	Mineral Search	RAB		250	$13,239	$6,620			11.47	$75,926	$75,926
1966	Alluvial	RAB		3316	$178,440	$59,480		$54	11.12	$661,418	$661,418
1968	Alluvial	RAB		11591	$258,737	$51,747			10.49	$542,830	$542,830
1969	Tableland Tin			15240	$550,000	$55,000		$36	10.18	$559,900	$559,900
1973	Samedan								8.00		
1977	Renison								4.73		
1981	Houston	DD		2587	$191,628			$74	3.33		
					$406,380	$40,638			3.33	$135,325	$135,325
1985	AOG				$74,943	$7,494			2.45	$18,361	$18,361
1986	Ravenshoe								2.25		
1987	WMC				$12,957	$2,591			2.07	$5,364	$5,364
1989	WMC	SSG	336		$115,297	$11,530		$343	1.79	$20,638	$20,638
1992	Moroney								1.60		
1993	Cyprus				$300,000	$300,000			1.58	$474,000	$474,000
1994	Auralia								1.55		
1996	Poseidon	SSG	147		$35,280	$8,820	$240		1.44	$12,701	$12,701
		RCS	25		$6,000	$1,500	$240		1.44	$2,160	$2,160
		RC		1525	$114,375	$28,594		$75	1.44	$41,175	$41,175
1997	Dominion	RCS	174		$41,760	$4,176	$240		1.44	$6,013	$6,013
		BLEG	82		$19,680	$1,968	$240		1.44	$2,834	$2,834
1999	GTN				$14,700	$8,820.0			1.40	$12,348	$12,348
2000	GTN				$19,300	$6,433			1.34	$8,621	$8,621
2006	Auzex 14797	Geol			$121,756	$121,756			1.12	$136,367	
		SAM	2009		$109,685	$109,685	$55		1.12	$122,847	
		RC			$370	$370			1.12	$414	
		GIS			$960	$960			1.12	$1,075	
		Other			$1,963	$1,963			1.12	$2,199	
		TOTAL			$234,734	$234,734			1.12	$262,902	$262,902

EPM 14497 “KHARTOUM” & EPM 15570 “KHARTOUM NORTH”

Previous Company Exploration Expenditure

Year	Company	Activity	No. samples	No.m drilled	Expenditure Reported	Expenditure Estimated in Khartoum	Cost per sample	Cost per m drilled	CPI	Expenditure 2010 $	Expenditure credited 2010 $
2007	Auzex 14797								1.09		
2008	Auzex 14797	SAM	1297		$360,986	$360,986	$278		1.05	$379,036	
		Geol			$93,278	$93,278			1.05	$97,942	
		TOTAL			$454,264	$454,264			1.05	$476,978	$476,978
2008	Auzex 15570	Geol			$21,777	$21,777			1.05	$22,866	$22,866
2009	Auzex 14797								1.03		
2009	Auzex 15570	SAM	66		$9,280	$9,280	$141		1.03	$9,558	
		Geol			$23,125	$23,125			1.03	$23,819	
		TOTAL			$32,405	$32,405			1.03	$33,377	$33,377
2010	Auzex 14797				$85,010	$85,010			1.00	$85,010	$85,010
2010	Auzex 15570	SAM			$2,623	$2,623			1.00	$2,623	
		Geol			$11,012	$11,012			1.00	$11,012	
		TOTAL			$13,635	$13,635			1.00	$13,635	$13,635
					TOTALS:	$2,165,656					$3,398,455

DD	Diamond Core Drilling
Geol	Geology
Geophys	Geophysics
GIS	Computer mapping
Met	Metallurgical Testwork
RAB	Rotary Air Blast Drilling
RC	Reverse Circulation Drilling
RCS	Rock Chip Sampling
SAM	Sampling
SG	Soil Geochemistry
SSG	Stream Sediment Geochemistry
UGD	Underground Driving

EPM 14417 "EIGHT MILE" & EPM 14418 "FOSSIL BROOK"

Previous Company Exploration Expenditure

Year	Company	Activity	No. samples	No.m drilled	Expenditure Reported	Expenditure Estimated 14417/14418	Cost per sample	Cost per m drilled	CPI	Expenditure 2010 $	Expenditure credited 2010 $
1959	Rio				$9,037	$723			13.00	$9,398	$9,398
1969	ICIANZ		8000		$246,409	$24,641	$31		10.18	$241,974	$241,974
1970	Dampier				$30,000	$10,500			9.82	$84,000	$84,000
1973	CEC				$20,000	$7,000			8.00	$23,310	$23,310
1981	Lamorna				$25,790	$9,027			3.33	$24,552	$24,552
1983	AOG				$292,457	$58,491			2.72	$159,097	$159,097
1985	Esso				$216,657	$10,833			2.45	$26,540	$26,540
1986	Homestake				$24,035	$3,605			2.25	$8,112	$8,112
2007	Auzex EPM 14417	Geol			$101,366				1.09		
		RC		3226	$286,344			$89	1.09		
		TOTAL:			$387,710	$387,710			1.09	$422,604	$422,604
2007	Auzex EPM 14418	Geol			$288,104	$288,104			1.09	$314,033	$314,033
2008	Auzex EPM 14417	**TOTAL:**			$76,661	$76,661			1.05	$80,494	$80,494
2008	Auzex EPM 14418	**TOTAL:**			$78,360	$78,360			1.05	$82,278	$82,278
2009	Auzex EPM 14417	**TOTAL:**			$26,196	$26,196			1.03	$26,982	$26,982
2009	Auzex EPM 14418	**RC**		340	$49,218			$145	1.03		
2009	Auzex EPM 14418	**TOTAL:**			$75,563	$75,563			1.03	$77,830	$77,830
2010	Auzex EPM 14417	**TOTAL:**			$36,282	$36,282			1.00	$36,282	$36,282
					TOTALS:	$1,093,696					$1,617,486

DD	Diamond Core Drilling	RC	Reverse Circulation Drilling
Geol	Geology	RCS	Rock Chip Sampling
Geophys	Geophysics	SAM	Sampling
GIS	Computer mapping	SG	Soil Geochemistry
Met	Metallurgical Testwork	SSG	Stream Sediment Geochemistry
RAB	Rotary Air Blast Drilling	UGD	Underground Driving

EL 6333 “GLEN INNES” & EL 6408 “GLEN ELGIN”

Previous Company Exploration Expenditure

Year	Company	Activity	No. samples	No.m drilled	Expenditure Reported	Expenditure Estimated	Cost per sample	Cost per m drilled	CPI	Expenditure 2010 $	Expenditure credited 2010 $
1966	CEC	RAB		2103		$14,721		$7	11.12	$163,698	$163,698
1970	NBH				$15,859	$15,859			9.82	$155,735	$155,735
1971	Glendale				$17,209	$17,209			9.27	$159,527	$159,527
1972	AOG	Geochem	3002			$69,046	$23		8.74	$603,462	
		RAB		1243		$8,701		$7	8.74	$76,047	
		TOTAL			$208,601	$208,601			8.74	$1,823,173	$1,823,173
1972	Eastmet				$151,994	$151,994			9.74	$1,480,422	$1,480,422
1975	Buka				$4,121	$4,121			6.02	$24,808	$24,808
1981	AMM	Met			$11,065	$11,065			3.33	$36,846	$36,846
1982	Amoco	Geochem			$7,077	$7,077			2.99	$21,160	$21,160
1992	G & J				$80,000	$80,000			1.60	$128,000	$128,000
2005	Auzex EL 6333	Geol			$125,864				1.16		
		RC			$57,443				1.16		
		TOTAL			$183,307	$183,307			1.16	$212,636	$212,636
2005	Auzex EL 6408	TOTAL:			$18,154	$18,154			1.16	$21,059	$21,059
2006	Auzex EL 6333	Geol			$402,738				1.12		
		RC			$270,737				1.12		
		TOTAL			$673,475	$673,475			1.12	$754,292	$754,292
2006	Auzex EL 6408	Geol			$128,677				1.12		
		RC			$890				1.12		
		TOTAL			$129,567	$129,567			1.12	$145,115	$145,115
2007	Auzex EL 6333	Geol			$1,255,203				1.09		
		RC			$95,285				1.09		
		TOTAL			$1,350,488	$1,350,488			1.09	$1,472,032	$1,472,032
2007	Auzex EL 6408	Geol			$317,963				1.09		
		RC			$408,961				1.09		
		TOTAL			$726,924	$726,924			1.09	$792,347	$792,347
2008	Auzex EL 6333	Geol			$765,190				1.05		
		RC			$1,427,680				1.05		
		TOTAL			$2,192,870	$2,192,870			1.05	$2,302,514	$2,302,514

EL 6333 “GLEN INNES” & EL 6408 “GLEN ELGIN”

Previous Company Exploration Expenditure

Year	Company	Activity	No. samples	No.m drilled	Expenditure Reported	Expenditure Estimated	Cost per sample	Cost per m drilled	CPI	Expenditure 2010 $	Expenditure credited 2010 $
2008	Auzex EL 6408	Geol			$106,902				1.05		
		RC			$861				1.05		
		TOTAL			$107,763	$107,763			1.05	$113,151	$113,151
2009	Auzex EL 6333	TOTAL			$25,681	$25,681			1.03	$26,451	$26,451
2009	Auzex EL 6408	TOTAL			$61,347	$61,347			1.03	$63,187	$63,187
2010	Auzex EL 6333	TOTAL			$15,511	$15,511			1.00	$15,511	$15,511
2010	Auzex EL 6408	Geol			$40,839				1.00		$0
		RC		492	$47,527			$97	1.00		
		TOTAL			$88,366	$88,366			1.00	$88,366	$88,366
					TOTALS:	$6,161,847					$10,000,031

DD	Diamond Core Drilling	RC	Reverse Circulation Drilling
Geol	Geology	RCS	Rock Chip Sampling
Geophys	Geophysics	SAM	Sampling
GIS	Computer mapping	SG	Soil Geochemistry
Met	Metallurgical Testwork	SSG	Stream Sediment Geochemistry
RAB	Rotary Air Blast Drilling	UGD	Underground Driving

EP 40732 “LYELL” Reported Expenditures

Previous Company Exploration Expenditure

Year	Company	Activity	No. samples	No.m drilled	Expenditure Reported	Expenditure Estimated	Cost per sample	Cost per m drilled	CPI	Expenditure 2010 $	Expenditure credited 2010 $
1968	Asarco	SSG	141			$4,371	$31		10.49	$45,852	$45,852
1971	CEC	SSG	165			$5,775	$35		9.27	$53,534	$53,534
1973	Otter	SSG	68			$2,380	$35		8.00	$16,517	$16,517
		SG	47			$2,585	$55		8.00	$10,392	$10,392
		RCS	130			$31,200	$240		8.00	$113,880	$113,880
1974	Cities Services	SSG	396			$13,860	$35		6.94	$46,154	$46,154
1979	DSIR	SSG	74			$2,960	$40		4.02	$10,804	$10,804
1980	Otter	SSG	254			$10,160	$40		3.65	$33,833	$33,833
1981	Amoco	SSG	95			$3,800	$40		3.33	$11,362	$11,362
		RCS	184			$44,160	$240		3.33	$108,192	$108,192
1982	GMZ	SSG	425			$22,551	$53		2.99	$26,159	$26,159
1985	GMZ	SSG	57			$3,135	$55		2.45	$7,681	$7,681
2005	Auzex	RCS	26		$17,521	$17,521	$674		1.16	$20,324	$20,324
2006	Auzex	RCS	27		$19,616	$19,616	$727		1.12	$21,970	$21,970
2007	Auzex	SG	511		$80,155	$80,155	$157		1.09	$87,369	$87,369
2008	Auzex	SG	881			$71,044	$81		1.05	$74,596	
		RCS	113			$9,112	$81		1.05	$9,568	
		RAB				$6,072			1.05	$6,376	
		TOTAL			$149,860	$149,860			1.05	$157,353	$157,353
2009	Auzex	Geol			$10,500	$10,500			1.03	$10,815	$10,815
2010	Auzex								1.00	$0	$0
2011	Auzex	DD			$248,000	$248,000			1.00	$248,000	$248,000
					TOTALS:	$758,817					$1,030,191

DD	Diamond Core Drilling	RC	Reverse Circulation Drilling
Geol	Geology	RCS	Rock Chip Sampling
Geophys	Geophysics	SAM	Sampling
GIS	Computer mapping	SG	Soil Geochemistry
RAB	Rotary Air Blast Drilling	SSG	Stream Sediment Geochemistry

Bullabulling Gold Project – Tenement Form 5 Reported Expenditures

Previous Company Exploration Expenditure

Year	M15/1414	M15/554	M15/529	M15/503	M15/483	M15/282	P15/4887	P15/4799	P15/4798	Annual Total
2011										
2010	$18,817	$706,688	$30,142	$602,591	$19,416	$1,440,877	$31,524	$9,552	$9,552	$2,869,159
2009	$11,899	$1,005,509	$41,211	$770,226	$17,147	$226,613	$8,210	$9,800	$7,920	$2,098,535
2008	$10,908	$1,486,346	$86,660	$2,084,764	$15,975	$128,606	$8,324	$13,459	$10,990	$3,846,032
2007	$10,793	$1,141,433	$158,373	$2,084,764	$14,076	$78,444	$0	$0	$0	$3,487,883
2006	$35,550	$1,262,587	$143,447	$668,321	$12,942	$78,779	$0	$0	$0	$2,201,626
2005	$4,044	$933,584	$34,685	$410,165	$8,866	$284,587				$1,675,931
2004	$31,463	$1,540,209	$18,620	$300,032	$16,397	$590,908				$2,497,629
2003	$26,074	$1,335,838	$27,235	$518,422	$10,031	$192,984				$2,110,584
2002		$1,306,729	$10,265	$286,332	$4,375	$263,403				$1,871,104
2001		$13,910	$33,430	$35,286	$10,196	$27,231				$120,053
2000		$26,038	$3,731	$19,272	$3,434	$40,380				$92,855
1999		$13,120	$155,181	$62,170	$12,817	$4,100				$247,388
1998		$85,576	$46,215	$820,919	$110,244	$30,303				$1,093,257
1997		$271,207	$1,353,470	$1,213,298	$7,149	$671,786				$3,516,910
1996		$325,362	$2,493,219	$1,714,917	$1,437	$4,013,436				$8,548,371
1995		$130,768	$134,756	$383,977	$1,783	$181,947				$833,231
1994		$20,822	$356,600	$125,206	$67,925	$952,705				$1,523,258
1993		$12,413	$389,340	$383,766	$41,490	$397,882				$1,224,891
1992		$1,085	$70,215	$0	$69,460	$2,587				$143,347
1991		$0	$70,422	$0	$24,714	$0				$95,136
1990			$0	$0	$0	$35,095				$35,095
1989				$0	$0	$630,707				$630,707
1988				$0	$0	$1,120,550				

The above figures do not include $3,78,8145 by the BBGP since July 2010 to Feb 2011.
The above figures include Mining Operation costs

Appendix 5: Sources of information

In preparing this report we have had access to the following principal sources of information:

- the Bidder's Statement
- draft of the Target's Statement
- various ASX announcements, investor presentations
- audited financial statements for Auzex for the years ending 30 June 2010 and 30 June 2009, the interim reviewed financial report for the period ended 31 December 2010
- JV agreement between Auzex and GGG
- independent technical review of Auzex's tenements prepared by Mining Associates Pty Limited
- audited financial statements for GGG for the years ending 31 December 2009 and 31 December 2011
- annual reports for comparable companies
- company websites for Auzex, GGG and comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, Thompson research, Capital IQ and Thomson Reuters, Deloitte analysis Financial markets, and Mergermarket
- industry reports
- other publicly available information, media releases and brokers reports on Auzex, GGG, comparable companies and the gold mining industry.

In addition, we have had discussions and correspondence with certain directors and executives of Auzex, including Chris Baker, Chairman and John Lawton, Managing Director in relation to the above information and to current operations and prospects of Auzex.

Appendix 6: Qualifications, declarations and consents

The report has been prepared at the request of the Directors and is to be included in the Target's Statement to be given to Auzex Shareholders in their consideration of the GGG Offer. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Target's Statement in their assessment of the GGG Offer and should not be used for any other purpose. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the GGG Offer. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the APESB.

The report represents solely the expression by Deloitte of its opinion as to whether the GGG Offer is fair and reasonable. Deloitte consents to this report being included in the Target's Statement.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte has relied upon the completeness of the information provided by Auzex and its officers, employees, agents or advisors which Deloitte believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Auzex management for confirmation of factual accuracy. Following provision of a full draft report to Auzex, we extended our analysis to consider the value of Auzex under an additional valuation methodology, the resource multiple approach. Although not material to our opinion, we consider this additional analysis provides additional evidence of the value attributable to Auzex and the consideration offered under the GGG Offer and assisted in narrowing our assessed value range. This additional analysis did not change our opinion as to whether the GGG Offer is fair and reasonable to Auzex Shareholders.

In recognition that Deloitte may rely on information provided by Auzex and its officers, employees, agents or advisors, Auzex has agreed that it will not make any claim against Deloitte to recover any loss or damage which Auzex may suffer as a result of that reliance and that it will indemnify Deloitte against any liability that arises out of either Deloitte's reliance on the information provided by Auzex and its officers, employees, agents or advisors or the failure by Auzex and its officers, employees, agents or advisors to provide Deloitte with any material information relating to the GGG Offer.

Deloitte also relies on the valuation report prepared by Mining Associates. Deloitte has received consent from Mining Associates for reliance in the preparation of this report.

Deloitte holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte principally involved in the preparation of this report were Robin Polson, Director, B.Com, Grad. Dip. App. Fin. Inv, Andrew Nehill, B.Com, FCA, Grad. Dip. App. Fin and Renee Daus, Associate Director, MAF, B.Com, CA. Each have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte will receive a fee of approximately $60,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the GGG Offer.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 123 Eagle Street, Brisbane QLD 4000 acknowledges that:

- Auzex proposes to issue a target's statement in respect of the GGG Offer
- the Target's Statement will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Target's Statement for review
- it is named in the Target's Statement as the 'independent expert' and the Target's Statement includes its independent expert's report in annexure A of the Target's Statement.

On the basis that the Target's Statement is consistent in all material respects with the draft Target's Statement received, Deloitte Corporate Finance Pty Limited consents to it being named in the Target Statement in the form and context in which it is so named, to the inclusion of its independent expert's report in annexure A of the Target's Statement and to all references to its independent expert's report in the form and context in which they are included, whether the Target's Statement is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Target's Statement and takes no responsibility for any part of the Target's Statement, other than any references to its name and the independent expert's report as included in annexure A.

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