

5 May 2011

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ASX RELEASE

Dear Auzex Shareholder,

**RELEASE OF GGG'S BIDDER'S STATEMENT
DIRECTORS' RECOMMENDATION TO NOT ACCEPT GGG'S OFFER**

Over the next few days you should receive a Bidder's Statement from GGG Resources plc ("GGG") in relation to their unsolicited and conditional off-market takeover offer for Auzex Resources Ltd ("Auzex") of 7 GGG shares for every 5 Auzex shares you own.

Auzex considers the Bidder's Statement fails to provide either Auzex or GGG shareholders with an acceptable solution for the consolidation of the Bullabulling Gold Project, and that the takeover offer places unnecessary risk and delay on development.

**THE DIRECTORS OF AUZEX RECOMMEND THAT AUZEX SHAREHOLDERS DO NOT
ACT ON ANY CORRESPONDENCE FROM GGG**

The Bidder's Statement confirms Auzex's view that GGG's offer should be rejected.

Key reasons to not accept GGG's offer:

- To the extent that there is an implied assumption that Auzex's technical team would lead the continued development of Bullabulling if GGG's offer succeeds, this is not the case. At no time has the UK based GGG had discussions with our technical team in this regard.
- Auzex shareholders should question the ability of GGG to develop Bullabulling from afar with no demonstrated current understanding of the asset or relationships with

the key employees, consultants and contractors that are currently employed by Auzex on the project.

- GGG's basis for their bid was that the development strategy to date was not 'aggressive', yet there has been no detailed outline of what their 'aggressive' strategy includes outside of drilling 75,000 metres. Prior to GGG's announcement of a proposed hostile takeover, Auzex prepared a drilling program proposal for the joint venture of 194,000m which is currently completing approval by the West Australian mines department.
- There appears to be inadequate regard for the potential significant tax implications for the predominantly Australian shareholder base of Auzex. There are potential significant capital gains tax (CGT) roll-over relief and future 'franking credit' implications that have the potential to result in a significant loss of value for Auzex's Australian shareholders.
- UK based and operated GGG is an inappropriate corporate structure for Bullabulling as it creates unnecessary tax, regulatory, financial and operational complications as well as additional non-value adding overhead costs to the project.
- The Offer materially undervalues Auzex and its prospects and does not recognise the value of Auzex's non-Bullabulling assets which have been placed on hold so Auzex management could focus on the fast track development of Bullabulling.
- The Offer is opportunistically timed and does not contain an adequate premium for control for Auzex shareholders.

Full information regarding the Directors' recommendation and a formal response to the GGG Offer will be provided in the Target's Statement being prepared by Auzex and sent to shareholders late next week.

In summary, Auzex's Chairman, Chris Baker, said:

"Our team has a deep understanding of Bullabulling, has been responsible for the identification and excellent progress in development of the project to date. We have an aggressive development strategy for drilling and to take the project through to production. Our technical team has received praise from a number of quarters – including the Chairman

of GGG. GGG's proposal would result in a new team having to be established and operated from afar which is a significant and unnecessary risk at a time when both Auzex and GGG shareholders should be benefiting from the focus of a consolidated team.

We continue to offer the GGG Board the opportunity for discussions in relation to alternatives for the consolidation of Bullabulling.”

AUZEX SHAREHOLDERS ARE ADVISED TO TAKE NO ACTION IN RELATION TO THE GGG OFFER OR IN RESPONSE TO ANY COMMUNICATION FROM GGG AND TO WAIT FOR AUZEX'S TARGET STATEMENT.

Offer Timetable

Date	Comment
3 May 2011	GGG Offer period commences
Week ending 13 May 2011	Target's Statement sent to shareholders
6 June 2011	GGG Offer Closes, unless withdrawn or extended

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