

17 July 2008

Dear Option Holder

Auzex Resources Limited - 1:2 non-renounceable pro-rata offer

Rights issue

On 15 July 2008 the Company announced to ASX that it is undertaking a non-renounceable pro-rata offer of one option over a fully paid ordinary share for every two fully paid ordinary shares held. The options will be priced at 10 cents and will have an exercise price of 75 cents and an expiry date of 30 September 2010.

The fully paid ordinary share issued on exercise of an option will rank equally in all respects with the fully paid ordinary shares already on issue in the Company.

The Company will apply for the quotation of the options on ASX.

Qualifying Shareholders

Only those shareholders with registered addresses in Australia and New Zealand will be entitled to participate in the pro-rata offer (**Qualifying Shareholders**).

The Company has determined that it is unreasonable to make offers to shareholders other than Qualifying Shareholders having regard to the number of shareholders outside of Australia and New Zealand, the number and value of the options that would be offered and the cost of complying with legal and regulatory requirements outside of those countries.

Option holders participation in the pro-rata offer

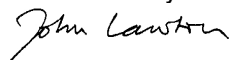
To be eligible to participate in the rights issue, existing option holders with a registered address in Australia or New Zealand, must exercise all or part of their options before 5.00pm on Monday 28 July 2008 (**Record Date**).

If a notice of exercise (together with payment) in accordance with the option terms is not received by the Company before 9.00am on Monday 28 July 2008, shares issued in accordance with any exercise may not be recorded in the Company's register of members and will not be entitled to participate in the pro-rata offer.

Applications

Option holders who become Qualifying Shareholders by exercise of their options prior to the Record Date will be mailed a copy of the prospectus accompanied by a personalised entitlement and acceptance form to subscribe for options. To participate in the pro-rata offer, Qualifying Shareholders must complete and return the entitlement and acceptance form accompanied by the relevant payment to the Registry as described in the prospectus.

Yours sincerely



John Lawton
Chairman