

Prospectus

A renounceable rights issue for Eligible Shareholders of one Share for every three Shares recorded against the Eligible Shareholder's name on the Register on the Record Date, with one Attaching Option for every three Shares issued under this Offer.

A renounceable rights issue for Eligible Optionholders of one Share for every three Options recorded against the Eligible Optionholder's name on the Register on the Record Date, and one Attaching Option for every three Shares issued under this Offer.

If you are an Eligible Shareholder or Eligible Optionholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this Prospectus, you have any questions about the securities being offered under this Prospectus, you should contact your stockbroker, accountant or other professional adviser.

Important Notice

About this Prospectus

This Prospectus is dated 8 July 2010. A copy of this Prospectus has been lodged with ASIC. ASIC takes no responsibility for the contents of this Prospectus. The expiry date of this Prospectus is 7 August 2011. No securities will be issued on the basis of this Prospectus after that expiry date. On 30 June 2010 the Company applied for the grant by ASX of official quotation of the Shares to be issued under this Prospectus. ASX takes no responsibility for the contents of this Prospectus. This is a Prospectus for an offer of Shares with Attaching Options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and has been prepared in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

Exposure Period

A free paper copy of this Prospectus is available on request to the Company during the Exposure Period. This Prospectus is also publicly available to Australian residents during the Exposure Period at <http://www.auzex.com.au/investor-centre/prospectus>. The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the raising of funds. Applications under this Prospectus received during the Exposure Period will not be processed until after the expiry of the Exposure Period, and no preference will be conferred on Applications received during that time.

Risks

Various risks may affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these risks are listed in section 3 of this Prospectus. The potential tax effects of participating in the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers. The Offer is not underwritten.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer, which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

Foreign Jurisdictions

This Prospectus does not constitute an offer of, or an invitation to subscribe for, any Shares or Attaching Options in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. The Shares being offered under this Prospectus are offered in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ). No action has been taken to register or qualify the Shares or Attaching Options being offered under the Offer or otherwise permit a public offering of the Shares or Attaching Options in any jurisdiction other than Australia and New Zealand. This Prospectus may not be distributed to, or relied on by, persons outside Australia or New Zealand.

Privacy

You may provide personal information to the Company and the Registry. The Company and the Registry collect, hold and use your personal information in order to service your needs as a Shareholder and/or Optionholder, provide facilities and services that you request and carry out appropriate administration. Company and tax laws require some of the information to be collected. The Company and the Registry may disclose your personal information for purposes related to your shareholding or optionholding to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Registry for ongoing administration of the register; and
- printers and mailing houses for the purposes of preparation and distribution of Shareholder and Optionholder information and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Registry. You can request access to your personal information by telephoning or writing to the Company through the Registry as follows:

Computershare Investor Services Pty Limited
GPO Box 503 Brisbane, Qld 4001
By telephone: 1300 552 270 (within Australia)
or +61 7 9415 4000 (outside Australia)

Definitions and Abbreviations

Certain terms and abbreviations used in this Prospectus have defined meanings as set out in the glossary in Section 5. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

Key Offer Details

Maximum number of Shares to be issued under the Offers ¹	23,311,762 (comprising 19,555,787 under the Shareholder Offer and 3,755,975 under the Optionholder Offer).
Maximum number of Attaching Options to be issued under the Offers ¹	7,770,588 (comprising 6,518,596 under the Shareholder Offer and 1,251,992 under the Optionholder Offer).
Offer Price per Share	A\$0.12 or NZ\$0.145
Entitlement- Eligible Shareholders	One Share for every three Shares recorded against the Eligible Shareholder's name on the Register on the Record Date, with one Attaching Option for every three Shares issued under the Offer.
Entitlement- Eligible Optionholders	One Share for every three Options recorded against the Eligible Optionholder's name on the Register on the Record Date, with one Attaching Option for every three Shares issued under the Offer.
Amount to be raised under the Offer (before Offer costs) ²	\$2,797,411

¹ Assuming that no Shares are issued pursuant to the exercise of existing options on or before the Record Date, and before exercise of any Attaching Options. Final numbers are subject to rounding.

² Excluding any funds raised on the exercise of any Attaching Options.

Important Dates

Lodgement of Prospectus with ASIC	Thursday 8 July 2010
Shares quoted 'ex' rights and Rights trading commences	Monday 12 July 2010
Record Date	7:00pm AEST Friday 16 July 2010
Opening Date	Wednesday 21 July 2010
Closing Date – last date for acceptance and payment in full	5:00pm AEST Thursday 5 August 2010
Allotment and issue of Shares and grant of Attaching Options	Thursday 12 August 2010
Despatch of holding statements	Friday 13 August 2010
Normal trading resumes	Monday 16 August 2010

The dates above and other dates referred to in this Prospectus (except the date of this Prospectus) are indicative only. Subject to the Listing Rules and the Corporations Act, the Company reserves the right to change any date (including to extend the Closing Date of the Offer or to close the Offer early) without prior notice.

How to accept

Review this Prospectus and make your investment decision carefully. If you decide to take up all or part of your Entitlement, please complete the attached Entitlement and Acceptance Form. Use the addressed envelope enclosed with this Prospectus to post the Entitlement and Acceptance Form with full payment to the Registry.

The Entitlement and Acceptance Form with full payment must be received by the Registry by the Closing Date, 5.00pm AEST on 5 August 2010 (unless otherwise varied). Applications received after that date may not be accepted. Further information on action required by Eligible Shareholders and Eligible Optionholders is detailed in section 1.3 of this Prospectus.

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Letter from the Chairman

Dear Fellow Shareholders and Optionholders

On behalf of the Board of Directors of Auzex Resources Limited (**Auzex**), it is my pleasure to invite you to participate in this Offer to raise approximately \$2.8 million (before costs), which is earmarked for the exploration and bankable feasibility study of the Bullabulling Gold Project in the Eastern Goldfields of Western Australia.

In early 2010, Auzex entered into an option agreement to acquire the Bullabulling Gold Project, 70km west of Kalgoorlie in Western Australia. The Project had previously produced approximately 371,000oz gold during the 1990's, with remaining gold resources, estimated in 2002 at 431,600oz, that in the Board's opinion have considerable potential to be increased by at least double with further exploration. Auzex considers the Bullabulling Gold Project to be underexplored with most exploration being undertaken at least 20 years ago.

The Company subsequently negotiated a Joint Venture Agreement with London-based AIM listed Central China Goldfields Plc (**CCG**) which acquired 50% of the Project from Auzex for \$3 million (including replacement of 50% of the security bonds for the Project). A sale and purchase agreement between the JV parties and the vendors was signed on 22 April 2010 and registered title to the Project is expected to pass to the JV parties shortly.

It is the intention of the Bullabulling Joint Venture to fast track the project to bankable feasibility. Exploration activities have commenced under the right of access granted by the vendor of Bullabulling, and a very large data base was constructed to prepare for the calculation of an updated JORC compliant resource based on existing drilling data, and to plan the feasibility program, which is estimated to commence in October this year and take 12 to 18 months to complete.

A diamond drilling program recently commenced to intersect known mineralisation over a 2.5km portion of the Bullabulling Trend between Bacchus and Phoenix pits and provide critical geological data.

This is an exciting time in the Company's development. It is the Company's intention through this Offer to raise sufficient funds to complete the bankable feasibility study at Bullabulling. Auzex will maintain its focus on this Project and is fortunate to have in CCG a joint venturer that is equally focussed and committed to the development of the Project. Auzex believes the Bullabulling Gold Project may achieve production status within two to three years. Auzex's Directors and management have considerable experience and expertise within the Australasian gold industry and are capable and motivated in the development of the Project.

The Directors of Auzex Resources Limited believe that significant value will be added to the Company in the future through Bullabulling and the other assets your Company owns, and I commend this Offer to you.

Yours sincerely



Chris Baker
Chairman

Competent Person Statement

The information in this Prospectus that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Lawton who is a full-time employee of the Company and Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience that 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". John Lawton consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which they appear, and at the date of this Prospectus has not withdrawn his written consent to be named as the Competent Person in this Prospectus.

1 Details of the Offer

1.1 Overview

The Company is offering:

- to Eligible Shareholders, a renounceable rights issue of one Share for every three Shares recorded against the Eligible Shareholder's name on the Register at the Record Date, with one Attaching Option for every three Shares issued under the Offer (**Shareholder Offer**);
- to Eligible Optionholders, a renounceable rights issue of one Share for every three Options recorded against the Eligible Optionholder's name on the Register at the Record Date, with one Attaching Option for every three Shares issued under the Offer (**Optionholder Offer**); and
- an opportunity to apply for Additional Shares with Attaching Options in accordance with section 1.5.

Under the Offer (which is not underwritten), the Company will raise approximately \$2.8 million, before costs.

Fractional Entitlements to Shares and Attaching Options will be rounded up to the nearest whole number. The Entitlement of each Eligible Shareholder or Eligible Optionholder under the Offer is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. If you are an Eligible Shareholder or Eligible Optionholder and did not receive your personalised Entitlement and Acceptance Form, please call the Registry on the number indicated in the Corporate Directory or your stockbroker or professional adviser.

1.2 Eligible Shareholders and Eligible Optionholders

An Eligible Shareholder is a shareholder who, at the Record Date, is recorded on the Register and has a registered address in Australia or New Zealand.

An Eligible Optionholder is a holder of AZXO Options who, at the Record Date, is recorded on the Register and has a registered address in Australia or New Zealand.

1.3 Rights trading

The rights to Shares under the Offer are renounceable. Accordingly, you may trade on ASX your rights to subscribe for Shares under the Offer to any other party during the rights trading period commencing on Monday 12 July 2010 and ending on Wednesday 28 July 2010. If you do not take up or trade entitlement to the Shares under the Offer by the Closing Date, the Offer to you will lapse.

1.4 How to accept the Offer

Acceptance of the Offer must be made on the Entitlement and Acceptance Form attached to or accompanying this Prospectus.

Acceptance of your Entitlement may be for any number of Shares but must not exceed your Entitlement as shown on that form, unless you are applying for Additional Shares in accordance with section 1.5. If it does exceed your Entitlement, your acceptance will be deemed to be for your full Entitlement.

To accept your Entitlement in full:

- complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and

- attach your cheque for the amount indicated on the Entitlement and Acceptance Form.

To accept your Entitlement in part:

- fill in the number of Shares with Attaching Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- attach your cheque for the appropriate Application Monies (at A\$0.12 or NZ\$0.145 per Share).

Eligible Shareholders and Eligible Optionholders with an Australian bank account who intend to pay in Australian dollars can also remit funds electronically using BPAY as indicated on the Entitlement and Acceptance Form.

If you do not wish to accept or sell all or part of your Entitlement, you do not have to do anything and your Entitlement will automatically lapse. You will receive no payment for your lapsed Entitlement.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed.

1.5 Additional Shares

Eligible Shareholders and Eligible Optionholders may also apply for Additional Shares with Attaching Options that will be issued from any shortfall under the Offer. To apply for Additional Shares, complete the 'Additional Shares' section on the Entitlement and Acceptance Form.

The Directors, in their sole discretion, reserve the right to scale back or reduce to zero the number of Additional Shares applied for by any Eligible Shareholder or Eligible Optionholder and to place Shares not taken up under the Offer at their absolute discretion.

Additional Shares will not be issued to Eligible Shareholders or Eligible Optionholders where to do so would involve a breach of the Listing Rules or any applicable law.

To accept your Entitlement in full and apply for Additional Shares:

- complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
- fill in the number of Additional Shares you wish to apply for in the Entitlement and Acceptance Form; and
- attach your cheque for the appropriate amount (at A\$0.12 or NZ\$0.145 per Additional Share).

Eligible Shareholders and Eligible Optionholders with an Australian bank account who intend to pay in Australian dollars can also remit funds electronically using BPAY as indicated on the Entitlement and Acceptance Form.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed.

1.6 Payment

Australian currency

Use the enclosed envelope to post your completed Entitlement and Acceptance Form, accompanied by full payment in Australian currency by a cheque drawn on an Australian bank or bank draft, in each case payable to 'Auzex Resources Limited – 2010 Rights Issue Account' and crossed 'Not Negotiable' to the following address:

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 8060

You can also remit funds electronically using BPAY as indicated on the Application Form. If you remit only using BPAY, you are not required to return the application form to complete your application.

The Company is entitled to retain any interest paid on Application Monies, whether or not allotment and issue of the Shares and grant of the Attaching Options takes place.

New Zealand currency

Use the enclosed envelope to post your completed Entitlement and Acceptance Form, accompanied by full payment in New Zealand currency by a cheque drawn on a New Zealand bank or bank draft, in each case payable to 'Computershare Investor Services Limited' and crossed 'Not Negotiable' to the following address:

Computershare Investor Services Limited
Private Bag 92119
Victoria Street West
AUCKLAND 1142 NEW ZEALAND

The Company is entitled to retain any interest paid on Application Monies, whether or not allotment and issue of the Shares and grant of the Attaching Options takes place.

1.7 Closing Date

Your completed Entitlement and Acceptance Form and payment must reach the Registry no later than **5:00 pm AEST on 5 August 2010**.

The Company reserves the right, subject to the Corporations Act, the Listing Rules and any requirements of ASX, to accept late Applications or to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless the Company decides to accept late Applications or extend the Closing Date, Applications received after 5:00 pm AEST on 5 August 2010 may be rejected and Application Monies refunded without interest.

1.8 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants under the Offer.

1.9 ASX quotation

The Company has applied for the quotation of the Shares on ASX. If official quotation of the Shares is not granted by ASX within three months of the date of this Prospectus (or any longer period permitted by law), the Offer will be cancelled and Application Monies will be returned (without interest) to Applicants.

The Company has not applied for quotation of the Attaching Options on ASX. If the holder spread requirements of the Listing Rules are satisfied after the Attaching Options are granted, the Company will apply for quotation of the Attaching Options on ASX. If the Attaching Options are not admitted to quotation they cannot be sold on ASX until such time as they are exercised and Shares are issued on exercise.

1.10 Issue of Shares and grant of Attaching Options

The allotment and issue of Shares and grant of the Attaching Options will only occur once the Application Monies have been received and ASX has granted permission for quotation of the Shares. If permission is granted by ASX, it is expected the Shares and Attaching Options will be issued and granted on 12 August 2010 and that holding statements for the Shares and certificates for the Attaching Options will be despatched on 13 August 2010.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statement or certificate, as applicable, do so at their own risk.

1.11 CHESS

The Shares issued under this Prospectus will participate from the date of commencement of quotation in the Clearing House Electronic Subregister System (**CHESS**), operated by ASX Settlement and Transfer Corporation Pty Limited. They must be held in uncertificated form (i.e. no share certificate will be issued) on the CHESS subregister under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored subregister.

Arrangements can be made at any subsequent time to convert a holding from the issuer-sponsored subregister to the CHESS subregister under sponsorship of a sponsoring participant or vice versa by contacting the sponsoring participant. Holding statements are expected to be dispatched in accordance with the Listing Rules.

An option certificate will be issued for the Attaching Options granted under this Prospectus. If however the holder spread requirements of the Listing Rules are satisfied after the Attaching Options are granted, and the Attaching Options are admitted to quotation on ASX, the Attaching Options must be held in uncertificated form (i.e. no option certificate will be issued) on the CHESS subregister under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored Subregister.

1.12 Withdrawal or waiver

The Directors may decide to withdraw this Prospectus and the Offer at any time prior to the issue of Shares and grant of the Attaching Options or to waive strict compliance with any provision of the terms and conditions of the Offer.

1.13 Ineligible optionholders

Existing holders of options (other than AZXO Options) will not be entitled to participate in the Offer unless they are entitled to, and exercise, their existing options under the terms of their issue prior to the Record Date and become an Eligible Shareholder.

If all existing optionholders whose options (other than AZXO Options) have vested elect to exercise their options prior to the Record Date and participate in the Offer, a further 1,166,667 Shares may be issued under this Prospectus.

1.14 Overseas Shareholders and AZXO Optionholders

The Offer is made only to those Shareholders and AZXO Optionholders with registered addresses in Australia and New Zealand on the Record Date and only those Eligible Shareholders and Eligible Optionholders will be offered an Entitlement.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. Persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

1.15 Risks

Potential investors should read this entire Prospectus and, in particular, consider the risks that could affect the Company before deciding to invest. Various risk factors are set out in section 3 of this Prospectus.

Potential investors should carefully consider the risks in light of their personal circumstances (including financial and taxation issues) and seek professional advice from their stockbroker, accountant, lawyer or other professional adviser.

1.16 Taxation

It is the responsibility of all Applicants to satisfy themselves of the particular tax consequences that apply to them, by consulting their own professional tax advisers. Neither the Company nor any of its officers, employees or agents, nor its taxation or other advisers accepts any liability or responsibility in respect of taxation consequences connected with the Offer.

1.17 Questions

If you are uncertain about any aspect of this Prospectus, including whether the Offer is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

2 Effect of the Offer on the Company

2.1 Use of funds

The funds raised under the Offer will be used by the Company to undertake exploration activities at the Bullabulling Gold Project in Western Australia, where the Company, in joint venture with Central China Goldfields Plc, intends to fast-track a feasibility study into the development of the Project over the next 12 to 18 months.

Any funds raised on the exercise of the Attaching Options will be used by the Company for working capital purposes.

2.2 Effect of the Offer on capital structure

The potential effect of the Offer on the capital structure of the Company is subject to:

- the level of subscriptions from Eligible Shareholders and Eligible Optionholders under the Offer; and
- whether the Attaching Options are exercised.

(Undiluted basis) The below table illustrates the potential effect of the Offer on the capital structure assuming that none of the Attaching Options or the 14,767,926 options (AZXO Options and other options) that have been granted at the date of this Prospectus are exercised.

Table 1	Existing shareholders		Applicants in Offer	
	Shares	%	New Shares	%
Pre Offer	58,667,359	100	0	0%
At completion of Offer (assuming 50% participation of Eligible Shareholders and Eligible Optionholders) ¹	58,667,359	83.43%	11,655,881	16.57%
At completion of Offer (assuming 100% participation of Eligible Shareholders and Eligible Optionholders) ¹	58,667,359	71.56%	23,311,762	28.44%

¹ As announced to ASX on 30 June 2010, subject to shareholder approval at a general meeting of the Company to be held after the issue of Shares under the Offer, the participants in the Placement may receive up to 2,550,755 options on the same terms and conditions as the Attaching Options, and the Company's corporate adviser may receive 2,000,000 options on the same terms and conditions as the Attaching Options. If shareholder approval is granted, and the options are subsequently exercised, a further 4,550,755 Shares will be issued by the Company and the interests of existing shareholders and applicants in the Offer will be diluted.

(Partially diluted basis) The below table illustrates the potential effect of the Offer on the capital structure on a partially diluted basis assuming that all of the Attaching Options are exercised but none of the 14,767,926 options (AZXO Options and other options) that have been granted at the date of this Prospectus are exercised.

Table 2	Existing shareholders		Applicants in Offer	
	Shares	%	New Shares	%
Pre Offer	58,667,359	100	0	0%
At completion of Offer (assuming 50% participation of Eligible Shareholders and Eligible Optionholders) ¹	58,667,359	79.06%	15,541,175	20.94%
At completion of Offer (assuming 100% participation of Eligible Shareholders and Eligible Optionholders) ¹	58,667,359	65.37%	31,082,350	34.63%

¹ As announced to ASX on 30 June 2010, subject to shareholder approval at a general meeting of the Company to be held after the issue of Shares under the Offer, the participants in the Placement may receive up to 2,550,755 options on the same terms and conditions as the Attaching Options, and the Company's corporate adviser may receive 2,000,000 options on the same terms and conditions as the Attaching Options. If shareholder approval is granted, and the options are subsequently exercised, a further 4,550,755 Shares will be issued by the Company and the interests of existing shareholders and applicants in the Offer will be diluted.

2.3 Effect on financial position – pro-forma balance sheet

Basis of preparation

To illustrate the effect of the Offer on the Company, the following summary unaudited pro forma historical consolidated balance sheet of the Company has been prepared based on the 30 June 2009 audited accounts and reviewed accounts for the half year ending 31 December 2009 as released to ASX on 12 March 2010.

The financial information is presented in abbreviated form insofar as it does not include all of the disclosures required by AIFRS applicable to annual financial reports prepared in accordance with the Corporations Act.

However, accounting policies adopted in the preparation of the summary pro-forma historical consolidated balance sheet are consistent with the accounting policies adopted and described in the Company's Annual Report for the financial year ended 30 June 2009 and the half-year report for the period ended 31 December 2009 and should be read in conjunction with those reports.

The pro-forma financial information has been prepared in accordance with the requirements of Australian Accounting Standards as at 31 December 2009.

Assumptions and qualifications

The reviewed historical consolidated balance sheet as at 31 December 2009 has been adjusted to reflect the following pro-forma transactions:

Pre-Offer adjustments

- Bullabulling Gold Project:
 - Receipt of Bullabulling Gold Project option fee from Central China Goldfields Plc (CCG) comprising \$500,000 cash and 14,044,944 CCG shares at a deemed issue price of 4 pence each, and issue of 6 million Shares to CCG at a deemed issue price of \$0.25 per share;
 - Receipt of Bullabulling settlement fee from CCG comprising \$250,000 received on 30 March 2010 and \$1,650,000 received on 20 May 2010;
 - Payment of Bullabulling purchase price of \$800,000 (comprising \$300,000 cash and \$500,000 value of Shares at an issue price of \$0.1824 per Share);
 - Transaction costs including stamp duty, legal fees and consultant fees of \$280,000;
- Issue of 1,745,987 Shares in April 2010 at an issue price of \$0.187 to Directors as approved at the March 2010 EGM in partial payment of directors' fees.
- Placement – receipt of \$918,000 in July 2010 through a placement to institutional and sophisticated investors, and payment of costs of the Placement of \$90,000.

Offer adjustments

The pro-forma consolidated balance sheet as at 31 December 2009, after the Pre-Offer adjustments, has been further adjusted to reflect the following pro-forma Offer adjustments:

- receipt of approximately \$2,797,000 under the Offer from the issue of approximately 23,311,760 Shares; and assuming none of the 7,770,588 Attaching Options are exercised; and
- other cash costs of the Offer not paid or payable as at 31 December 2009 – \$250,000 (broker, legal, printing).

The Company's actual position on completion of the Offer may differ from the position illustrated in the summary pro-forma consolidated historical balance sheet, as the Entitlements taken up cannot be determined until the Closing Date.

Auzex Resources Limited Prospectus

Pro Forma Consolidated Balance Sheet

	Pro Forma Consolidated (Audit Reviewed)	Pre-Offer adjustments (unaudited)	Pro Forma Consolidated after Pre-Offer adjustments (unaudited)	Offer adjustments (unaudited)	Pro Forma Consolidated after Offer adjustments (unaudited)
	As at 31 December 2009	As at 31 December 2009	As at 31 December 2009	As at 31 December 2009	As at 31 December 2009
	\$'000			\$'000	\$'000
CURRENT ASSETS					
Cash assets	507	2,648	3,155	2,547	5,702
Receivables	31	0	31	0	31
TOTAL CURRENT ASSETS	538	2,648	3,186	2,547	5,733
NON-CURRENT ASSETS					
Available for sale asset-shares in Central China Goldfields Plc	0	1,000	1,000	0	1,000
Property, plant and equipment	45	400	445	0	445
Deferred exploration and evaluation phase costs	9,772	280	10,052	0	10,052
TOTAL NON-CURRENT ASSETS	9,817	1,680	11,497	0	11,497
TOTAL ASSETS	10,355	4,328	14,683	2,547	17,230
CURRENT LIABILITIES					
Payables	46	0	46	0	46
Provisions	34	0	34	0	34
TOTAL CURRENT LIABILITIES	80	0	80	0	80
NON-CURRENT LIABILITIES					
Provisions	85	0	85	0	85
TOTAL NON-CURRENT LIABILITIES	85	0	85	0	85
TOTAL LIABILITIES	165	0	165	0	165
NET ASSETS	10,190	4,328	14,518	2,547	17,065
EQUITY					
Contributed equity	18,087	3,154	21,241	2,547	23,788
Other Reserves	725	0	725	0	725
Accumulated losses	(8,622)	1,174	(7,448)	0	(7,448)
TOTAL EQUITY	10,190	4,328	14,518	2,547	17,065

2.4 Effect of the Offer on net assets per Share

The effect of the Offer on the Company's net assets per Share is:

	Pre Offer	At completion of Offer (assuming 50% participation)	At completion of Offer (assuming 100% participation)
Net assets per Share (undiluted basis) ¹	\$0.17 per Share	\$0.24 per Share	\$0.21 per Share
Net assets per Share (partially diluted basis) ²	\$0.17 per Share	\$0.23 per Share	\$0.19 per Share

¹ This is the Company's total assets minus total liabilities as disclosed in the pro-forma consolidated balance sheet after the Offer, divided by the number of Shares on issue after the Offer, on the basis that no Shares are issued pursuant to the exercise of existing options and that no Attaching Options are exercised. Refer to table 1 in section 2.2.

² This is the Company's total assets minus total liabilities as disclosed in the pro-forma consolidated balance sheet after the Offer, divided by the number of Shares on issue after the Offer, on the basis that no Shares are issued pursuant to the exercise of existing options and that all 7,770,588 Attaching Options are exercised to raise \$1.55 million. Refer to table 2 in section 2.2.

3 Risks

3.1 Overview

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company, the industry in which it operates and the outcome of an investment in the Company.

This section describes certain (but not all) risks associated with an investment in the Company. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's operating performance, profits and the value of its Shares and Options.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and the risk factors that could affect the financial performance of the Company.

Potential investors should specifically consider the factors contained within this section, in order to appreciate fully the risks associated with an investment in the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

3.2 Specific risks

(Bullabulling completion) Registered title to the tenements and other assets that comprise the Bullabulling Gold Project has not yet passed to the Company and Central China Goldfields as joint venture parties. While the Company is taking all reasonable steps to obtain a transfer of title of these assets under the sale and purchase agreement signed on 22 April 2010, and is confident that such a transfer will occur, there is a risk that completion of the transfer will not occur, and that the Company will not be registered holder of the Bullabulling Gold Project. In this circumstance the Company will use the funds raised under this Offer for other projects.

(Bullabulling joint venture) Under the Bullabulling Gold Project joint venture agreement, the Company and Central China Goldfields are required to contribute to the capital requirements of the project. There is a risk that the Company may not have sufficient capital to be able to contribute to the Bullabulling joint venture, and that its 50% interest in the joint venture will be reduced accordingly.

(Native title and access - Australia) Claims and other action in accordance with the Native Title Act 1993 (Cth) may affect the Company's ability to access prospective exploration areas or subsequently to mine any such area. A number of the Company's tenements in Australia are currently affected by native title.

Additional native title claims may be lodged in Queensland, New South Wales or Western Australia, in which case the Company may have to pay compensation to settle any such claim or may have its access to any affected area restricted indefinitely or until the claim is settled.

(Access - New Zealand) Auzex Resources (NZ) Pty Limited holds two exploration permits giving it the right to prospect or explore the relevant permit area. The permits do not give Auzex NZ any general right of access, which must be separately negotiated with each landholder. Accordingly, there is a risk that Auzex NZ may be unable to obtain sufficient access to carry out adequate prospecting or exploration activities.

(Cultural heritage) Commonwealth and State legislation in Australia, and legislation in New Zealand, protect sites of traditional cultural significance to Aboriginal and Maori people. Some of the Company's tenements may contain culturally significant sites that would have to

be avoided in carrying out exploration, including areas that may be prospective but unable to be exploited.

(Tenements and permits) The Company's tenements and permits are respectively governed by applicable Australian and New Zealand legislation. The Company's interests are evidenced by a permit or licence for a specific term and are subject to the Company meeting certain expenditure and reporting obligations as well as other conditions. Accordingly, the Company could lose title to, and all its interests in, its tenements and permits if applicable conditions are not met.

The Company has some outstanding Australian tenement applications and there is no guarantee that exploration tenements will be granted in accordance with those applications. If the applications are granted, they will also be subject to the conditions and obligations mentioned above and any failure to comply with those conditions and other obligations may expose the licences to forfeiture.

Further, the licences are granted for a term of between two and five years and further renewal is at the discretion of the relevant Minister and there is no guarantee of that renewal.

(Environmental) The Company's tenements are subject to applicable environmental laws in Australia and New Zealand. Exploration and mining activity may result in a variety of environmental impacts. While the Company intends to carry out its operations in compliance with all applicable environmental laws and in a responsible manner, any non-compliance may result in tenements being forfeited or the Company being liable to pay compensation or both.

(Mineral prospectivity) Statements concerning prospectivity of the Company's tenements and permits are expressions of judgment on behalf of the person making the statement. Accordingly, such statements may be imprecise and depend on interpretation by the person making it and may be changed as new information becomes available.

(Risk of insufficient capital) The Company currently does not derive any income and is reliant on raising equity capital from time to time to fund its activities. If the Company is unable to raise sufficient capital it may not be able to complete its work programs.

The Directors believe that the Company will have sufficient capital for its current program and as its expenses are not fixed, it will be able to manage its expenditures as required.

(Reliance on key personnel and contractors) The Company employs only a small number of key personnel and is committed to providing an attractive employment environment, conditions and prospects to assist in retaining its key personnel. However, there can be no guarantee that the Company will be able to retain these key personnel.

(Commodity price and exchange rate) The Company is exposed to movements in commodity price and exchange rates, as the minerals that may be discovered and extracted are priced in \$US. The Company's financial statements are expressed and maintained in Australian dollars. Exchange rate movements may impact the potential profits or assets and liabilities of the Company, to the extent that commodity price or foreign exchange rate risk is not hedged or not appropriately hedged.

Movements in commodity prices or exchange rates could reduce the viability of the Company's activities, or of certain tenements, if otherwise commercially viable discoveries are made.

(Litigation) Litigation risks to the Company include, but are not limited to, native title claims, personal injury claims and contractor and employee claims. If any claim were to be pursued and be successful it may adversely impact the financial position of the Company.

3.3 General risks

(Share market) On completion of the Offer, the Shares may trade on ASX at higher or lower prices than the Offer Price. Investors who decide to sell their Shares may not receive the amount of their original investment. There can be no guarantee that the price of the Shares will increase after listing. The price at which Share trade on ASX may be affected by the Company's exploration and drilling results and by external factors over which the Directors and the Company have no control. These factors include movements on international option and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

(Liquidity and realisation) There can be no guarantee that an active market in Shares will develop. There may be relatively few, or many, potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shares may be sold. This may result in Applicants receiving a market price for their Shares that is less or more than the Offer Price.

The Company has not applied for quotation of the Attaching Options on ASX. There can be no guarantee that the Attaching Options will be quoted on ASX. If the Attaching Options are not traded on ASX the Attaching Options should be considered illiquid. If the Attaching Options are quoted on ASX the risks in relation to the share market and liquidity and realisation will also apply to the Attaching Options.

(Dependence on general market and economic conditions) The operating and financial performance of the Company is influenced by a variety of general domestic and international economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer or business demand, could be expected to have a material adverse impact on the Company's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact on the Company's earnings and financial performance.

(Tax) Any change to the rate of company income tax in jurisdictions in which the Company operates will impact on shareholder returns, as will any change to the rates of income tax applying to individuals or trusts. Any change to the tax arrangements between Australia and other jurisdictions could have an adverse impact on future earnings and the level of dividend franking.

(Legislative and regulatory changes) Legislative or regulatory changes, including changes to regulation of exploration or mining activities could have an adverse impact on the Company.

(Profitability and commercialisation) No representations or assurances as to future profitability or dividends can be given by the Company, since these elements are dependent on the future success of the development programs currently being undertaken

4 Additional information

4.1 Nature of this Prospectus

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to offers of securities in a class, or options over securities in a class, which has been continuously quoted by ASX for the 12 months prior to the date of this Prospectus, or options over securities in that class.

The Shares offered under this Prospectus are in a class of continuously quoted securities, and the Attaching Options are options over a class of continuously quoted securities.

4.2 Continuous disclosure and inspection of documents

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require ASX to be continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to the market conducted by ASX.

In particular, the Company has an obligation under the Listing Rules (subject to limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report (including with its yearly financial statements, a remuneration report) and an audit or review report.

4.3 Availability of other documents

ASX maintains detailed records of company announcements for all companies listed on ASX. Copies of ASX announcements are available on ASX's website at www.asx.com.au or the Company's website www.auzex.com.

In addition, ASIC also maintains records in respect of documents lodged with it by the Company. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who requests a copy before the Closing Date:

- the annual financial report for the year ended 30 June 2009 (being the annual financial report most recently lodged with ASIC in relation to the Company before the issue of this Prospectus);
- the report for the half-year ended 31 December 2009 lodged with ASX on 12 March 2010;
- the Third Quarter Activities Report lodged with ASX on 30 April 2010;
- the Quarterly Cash Flow Report lodged with ASX on 30 April 2010; and
- any continuous disclosure notices given by the Company after the lodgement with ASIC of the Third Quarter Activities and Cash Flow reports referred to above and before the lodgement with ASIC of a copy of this Prospectus.

This Prospectus contains details specific to the Offer. If Shareholders require any further information in relation to the Company, the Directors recommend that those Shareholders take advantage of the ability to inspect or obtain copies of the documents referred to above.

4.4 Terms and Conditions of Attaching Options

The terms and conditions of the Attaching Options to be issued under the Offer are as follows:

- (a) Subject to adjustment in accordance with these terms and conditions, the holder of an Attaching Option is entitled to subscribe for the allotment and issue of one Share upon payment of the Exercise Price before the Expiry Date.
- (b) Each Attaching Option has an exercise price of \$0.20 (**Exercise Price**).
- (c) An Attaching Option is exercisable at any time after the date of grant and on or before 5.00pm (AEST) on 13 February 2012 (**Expiry Date**). Attaching Options not exercised by the Expiry Date lapse.
- (d) The Company will at least five Business Days before the Expiry Date send notices to the Optionholders stating the name of the Optionholder, the number of Attaching Options held and the number of securities to be issued on exercise of the Attaching Options, the exercise price, the due date for payment and the consequences of non-payment.
- (e) No certificate will be issued if the Options are granted quotation on ASX.
- (f) If the Attaching Options are admitted to quotation on ASX, the Attaching Options are freely transferable in the same manner as Shares unless classified as Restricted Securities under the ASX Listing Rules.
- (g) The Attaching Options may be exercised on or before the Expiry Date by notice in writing to the Company requesting that the Attaching Options be exercised, together with payment of the Exercise Price. All cheques must be payable to the Company and crossed not negotiable. The notice must specify the number of Attaching Options being exercised.
- (h) The Optionholder may not exercise less than 2,500 Attaching Options at any one time, unless the Optionholder has less than 2,500 Attaching Options in which event the Optionholder must exercise all such Options together.
- (i) Upon the valid exercise of an Option, the Company will issue the holder of the Attaching Option one Share for each Option so exercised within 5 Business Days from receipt of such payment.
- (j) All Shares issued upon exercise of the Attaching Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Attaching Options.
- (k) An Optionholder may participate in new issues of securities to holders of Shares only if and to the extent that an Attaching Option has been exercised and a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.
- (l) If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - the number of Shares which must be issued on the exercise of an Attaching Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
 - no change will be made to the Exercise Price.

- (m) If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Attaching Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - \frac{E[P-(S+D)]}{N + 1}}$$

where

- O = the old exercise price of the Attaching Option.
- E = the number of underlying shares into which one Attaching Option is exercisable.
- P = the average market price per Share (weighted by reference to volume) of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.
- (n) If there is any reconstruction of the issued share capital of the Company, the number of Shares to which the Optionholder is entitled, and/or the Exercise Price, must be reconstructed in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital), but in all other respects, the terms for the exercise of an Attaching Option will remain unchanged.

4.5 Rights attaching to Shares

This Section contains a summary of the rights and liabilities attaching to the Shares that will be issued under this Prospectus and on the exercise of the Attaching Options, as at the date of this Prospectus. This summary does not purport to be exhaustive nor to constitute a definitive statement of the rights and liabilities of Shareholders, which can involve complex questions of law arising from the interaction of the Constitution, the Listing Rules, ASTC Settlement Rules and statutory and common law requirements. To obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, investors should seek their own advice.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share. The holder of partly paid shares has a vote in respect of each share on a poll that has the same proportionate value as the proportion that the amount paid (excluding any amount paid or credited as paid in advance of a call) on the share bears to the total issue price of the share. A Shareholder is not entitled to vote at a general meeting unless all calls and other sums presently payable by the member in respect of a share have been paid.

Where a Share or partly paid Share is jointly held, only one of the joint holders may vote.

General Meeting and Notices

Each Shareholder is entitled to receive notice of, and to attend and vote at, the Company's general meetings and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution, the Corporations Act or the Listing Rules. The Company may serve a notice on a Shareholder by serving it on the Shareholder or by sending it by prepaid post, courier, facsimile transmission or electronic notification addressed

to the Shareholder's registered address or the address supplied by the Shareholder to the Company for sending notices to that Shareholder.

Dividends

The Directors may declare a dividend, or determine that a dividend is payable, and may fix the amount, the time for and the method of payment.

Dividends are payable on Shares in proportion to the amount of the total issue price paid (but not credited) for the Shares. Each partly paid share is entitled to a fraction of the divided equivalent to the proportion which the amount paid (excluding amounts credited) on the share bears to the total amounts paid and payable, whether or not called, (excluding amounts credited) on the share.

The Company has not paid a dividend since it was incorporated in 2003.

Variation of Class Rights

The rights and restrictions attaching to a class of the Company's shares can only be altered with the consent of a special resolution passed at a separate meeting of the holders of that class of share by 75% of those holders, who, being entitled to do so, vote at that meeting or with the written consent of members with at least 75% of votes in the class.

Further Issues of Shares and Options

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

Winding Up

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

Small Holdings

Subject to the Listing Rules and ASTC Settlement Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of shares.

Buy Backs

Subject to applicable laws, in particular the Corporations Act and the Listing Rules, the Company may buy back Shares on such terms and conditions as the Board may determine from time to time.

Transfer of Shares

Subject to the Listing Rules and the Company's constitution, the Shares are transferable in accordance with CHESS (for CHESS Approved Securities), by instrument in writing in any usual or common form or in any other form that the Directors approve. The Directors may, subject to the requirements of the Listing Rules, request ASTC to apply a holding lock to prevent a transfer of Shares in the Company.

Directors

The minimum number of Directors is three and the maximum seven. The Board may appoint additional Directors to fill a casual vacancy subject to the number of Directors not being more than the permitted maximum of seven. At each of the Company's annual general meetings, one-third of the Directors (or, if the number of Directors is not a multiple of three, then the number nearest one-third) and any other Director who has held office for three years or more must retire from office. The Managing Director is exempted from retirement by rotation. A retiring Director is eligible for re-election.

Indemnities and Insurance

The Company must to the extent permitted by law and subject to the Corporations Act, indemnify current and past Directors, secretaries and executive officers of the Company and of any subsidiary of the Company against a liability incurred by the person acting in that capacity and against all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity. The Company may pay the premium on a policy of insurance in respect of a person who is or has been an officer of the Company to the full extent permitted by the Corporations Act.

Amendment of the Constitution

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

4.6 Interests of Directors

Except as disclosed in this Prospectus, no Director:

- holds or has held in the last two years before the lodgement of this Prospectus with ASIC any interest in:
 - the formation or promotion of the Company; or
 - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
 - the Offer under this Prospectus, or
- has been paid or has agreed to be paid or has received or has agreed to receive any benefits:
 - to induce them to become or to qualify as a Director; or
 - for services rendered by them in connection with the formation or promotion of the Company or the Offer under this Prospectus.

Remuneration

The constitution of the Company provides that non-executive Directors are entitled to receive remuneration for their services as determined by the Company in general meeting. At the annual general meeting on 23 September 2005, Shareholders resolved that the maximum aggregate amount of Directors' fees (which does not include the remuneration of executive Directors and other non-director services provided by Directors) is \$100,000 per annum, inclusive of superannuation entitlements. The Directors may divide that remuneration among the non-executive Directors as they decide.

Directors are entitled to be reimbursed for their reasonable expenses incurred in connection with the affairs of the Company. A Director may also be remunerated as determined by the Directors if that Director performs additional or special duties for the Company. A former director may also receive a retirement benefit of an amount determined by the Directors in recognition of past services, subject to the Listing Rules and the Corporations Act.

On 26 March 2010 shareholders resolved to issue Shares to the Directors in partial payment of past and future fees.

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Directors' remuneration for the last two years was as follows:

Director	Salaries and Fees (\$)		Superannuation (\$)		Options (amortised cost) (\$)		Total (\$)	
	2008	2009	2008	2009	2008	2009	2008	2009
John Lawton	211,009	220,183	18,991	19,817	1,701	-	231,701	240,000
Dr Greg Partington	165,100	81,333	-	-	1,701	-	166,801	81,333
Paul Frederiks	98,391	88,116	1,541	-	850	-	100,782	88,116
Chris Baker	50,406	32,000	-	-	850	-	51,256	32,000
Eugene Iliescu	-	55,045	-	4,955	-	3,251	-	63,251

Shareholdings and option holdings of Directors

The Directors are not required under the constitution to hold any Shares in the Company. The following table sets out the relevant interests in Shares and options held by each Director as at the date of this Prospectus:

Director	Shares held directly	Shares held indirectly	AZ XO Options held as at the date of this Prospectus exercisable at 75 cents and expiring 30/09/10	Unquoted Options held as at the date of this Prospectus exercisable at 75 cents & \$1.00 (half each) and expiring 30/08/10	Unquoted Options held as at the date of this Prospectus exercisable at 20 and 25 cents (half each) and expiring 31/03/11
John Lawton	25,000	7,330,023	-	500,000	-
Greg Partington	-	1,386,720	384,615	500,000	-
Paul Frederiks	288,888	438,546	127,778	250,000	-
Chris Baker	-	246,573	30,158	250,000	-
Eugene Iliescu	564,171	838,025	-	-	500,000

Note: This table does not take into account any Shares or Attaching Options the Directors may acquire under the Offer. Some or all of the Directors may participate to the extent of their Entitlement under the Offer.

Directors' intentions

Each Director intends to take up all or part of their Entitlements in respect of Shares with Attaching Options held directly and indirectly.

Directors' Deeds of Indemnity, Insurance and Access

The Company has entered into Deeds of Indemnity, Insurance and Access with each Director. To the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act, the Company must continuously indemnify each Director against liability (including liability for costs and expenses) for an act or omission in the capacity of Director.

However, this does not apply in respect of any liability:

- to the Company or a related body corporate;
- to some other person that arises from conduct involving a lack of good faith;
- for costs and expenses incurred by the Director in defending civil or criminal proceedings in which judgment is given against the Director or in which the Director is not acquitted; or
- for costs and expenses incurred by the Director in connection with an unsuccessful application for relief under the Corporations Act in connection with the proceedings referred to above.

The Company has also agreed to insure the Directors and provide the Directors with access to Board documents circulated during the Director's term in office.

4.7 Disclosure of interests of advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest, or has had any interest during the last two years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- has been paid, or has agreed to be paid, any amount and has received or has agreed to receive any benefit that has been given, or agreed to be given, in connection with the services provided by the person in connection with the formation or promotion of the Company, or the offer of the Options.

DLA Philips Fox has acted as legal adviser to the Offer and are entitled to receive up to \$30,000 plus outlays and GST in respect of these services. Further amounts may be paid to DLA Philips Fox in accordance with their usual time-based charge-out rates.

4.8 Consents and disclaimers

None of the persons named below has authorised or caused the issue of this Prospectus or made any statement that is included in this Prospectus, or any statement on which a statement made in this Prospectus is based, except as stated below. Each of the persons named below expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given below.

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

DLA Phillips Fox has consented in writing to being named in this Prospectus as solicitors for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.

Computershare Investor Services Pty Limited has consented in writing to being named in this Prospectus as the share registry for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.

Computershare Investor Services Limited has consented in writing to being named in this Prospectus as the share registry for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC.

4.9 Expenses of the Offer

The estimated costs of the Offer, including advisory, legal, listing and administrative fees, as well as printing, advertising and other expenses are currently estimated to be approximately \$250,000.

4.10 Governing law

This Prospectus and the contracts that arise from acceptance of the Applications are governed by the laws of Queensland and each Applicant submits to the exclusive jurisdiction of the courts of Queensland.

4.11 Consent to lodgement

This Prospectus is issued by the Company. Each Director has consented to the lodgement of this Prospectus with ASIC as required by section 720 of the Corporations Act.

5 Glossary of terms

Additional Shares means those Shares that Eligible Shareholders and/or Eligible Optionholders may apply for under section 1.54 of this Prospectus that comprise Entitlements not taken up by other Eligible Shareholders and Eligible Optionholders under the Offer.

Applicant means an Eligible Shareholder or Eligible Optionholder who submits a valid Entitlement and Acceptance Form.

Application means a valid Entitlement and Acceptance Form to subscribe for Shares under the Offer.

Application Monies means monies received from Applicants in respect of their Applications.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASX means the licensed market conducted by ASX Limited (ABN 98 008 624 691).

Attaching Option means each option to be granted under this Prospectus for every three Shares issued, exercisable to purchase a Share in the Company at an exercise price of \$0.20 with an expiry date of 13 February 2012.

Auzex means Auzex Resources Limited ABN 74 106 444 606.

AZXO Options means Options quoted on ASX under the code 'AZXO'.

Board or Board of Directors means the Directors of Auzex acting as a board.

Closing Date means the date on which the Offer closes, being 5.00 pm AEST on 5 August 2010 or such other date as Directors determine in accordance with this Prospectus.

Company means Auzex Resources Limited ABN 74 106 444 606.

Corporations Act means the Corporations Act 2001 (Cth).

Director means each director of the Company at the date of this Prospectus.

Dollars (\$) means Australian dollars unless otherwise indicated.

Eligible Optionholder means an Optionholder with an AZXO Option recorded against the Optionholder's name on the Register at the Record Date with an address in Australia or New Zealand.

Eligible Shareholder means a Shareholder with a Share recorded against the Shareholder's name on the Register at the Record Date with an address in Australia or New Zealand.

Entitlement means the entitlement of an Eligible Shareholder or Eligible Optionholder to apply for Shares and Attaching Options under the Offer.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form to be used by Qualifying Shareholders in connection with the Offer, attached to or accompanying this Prospectus.

Exposure Period means the waiting period specified in Section 727(3) of the Corporations Act, being a minimum period of seven days after the date of lodgement of this Prospectus with ASIC, during which an Application must not be accepted. ASIC may extend the period to no more than 14 days after the date of lodgement.

JORC means the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Listing Rules means the listing rules of ASX as in force from time to time.

Optionholder means a holder of AZXO Options recorded against the Optionholder's name on the Register on the Record Date.

Offer means the Shareholder Offer and the Optionholder Offer.

Offer Price means A\$0.12 of NZ\$0.145 per Share.

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Placement means the placement by the Company of 7,652,264 Shares to institutional and sophisticated investors at an issue price of A\$0.12 per share.

Prospectus means this document (including any electronic form of this Prospectus), and any supplementary or replacement prospectus in relation to this document.

Record Date means 5.00 pm AEST on 16 July 2010, unless otherwise varied in accordance with this Prospectus.

Registry means each of Computershare Investor Services Pty Limited ACN 078 279 277 and Computershare Investor Services Limited (396101).

Register means for shareholders, the Company's register of members and for optionholders, the register of ASXO optionholders.

Shareholder means a holder of Shares recorded on the Register on the Record Date.

Shares means fully paid ordinary shares in the capital of the Company.

Time Any reference to time in this Prospectus is taken to be Australian Eastern Standard Time (AEST).

Corporate Directory

Directors

Chris Baker – Non-Executive Chairman
John Lawton – Managing Director
Greg Partington – Executive Director
Paul Frederiks – Non-Executive Director
Eugene Iliescu – Non-Executive Director

Company Secretary

Paul Frederiks
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AZX

Registry- Australia

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