



Auzex boasts 'the prize of moly projects'

By Janine Martin

China's rapacious appetite for steel is spelling good news not just for Australia's iron ore and coal barons.

Our small yet sound molybdenum industry is also thriving in the wake of China's rapid industrialisation – which explains why John Lawton has a particular glint in his eye.

The executive chairman of multi-metal exploration company Auzex Resources is determined to put the Brisbane-based outfit on the country's moly map and, judging from the results streaming in, he's well on his way.

Auzex's big ticket project is the Kingsgate mine near Glen Innes in New South Wales.

This was the second largest producer of moly in Australia between 1880 and 1920. And history could very well repeat, if not better itself in this case.

Trial mining at the site has revealed excellent results and a feasibility study for development of the project is well under way. The study is expected to be wrapped up in September.

Resource modelling will prove an important part of the study, as it will not only delineate a maiden resource but also provide information on grade continuity of the pipes drilled to date and any additional data required for a JORC compliant resource.

"We will be carrying out further drilling this month and the next, which will provide us with enough resources for an initial two years of operation," Mr Lawton says.

"Our expectation is about 500,000 tonnes."

Now that may not be an incredibly fat figure but keep in mind the current robust price of moly at about \$80,000 a tonne and the fact that the moly at

Kingsgate is of a very high grade.

"This is the prize of moly projects as far as the value of the mineralisation goes and we expect very high margins between revenue and costs."

"What Auzex will produce is an extremely pure moly product – ammonium molybdate, which is the primary feedstock for most moly applications."

Further enhancing the profitability, resource potential and longevity of the Kingsgate is the suite of other minerals associated with it.

In addition to the high-grade moly, Auzex will also be mining bismuth, silica and silver with a gold credit.

Initial investigations and testwork into the potential of silica (quartz) to be a value addition in the Kingsgate production process have been positive.

"We expect to produce 100-150,000 tonnes of silica per year and, based on assay grades we've had to date and advice from consultants, we should expect about something in the order of US\$400 per tonne for the silica.

"The bismuth will be a pure metal too."

Yet as far as revenue goes, Mr Lawton says that moly and silica will provide the key cash streams at Kingsgate.

The project should come on stream in early 2010.

Auzex will also focus



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Page 2 of 2



its energies on its Khartoum tin project in North Queensland this year.

With potential for a world-class new tin discovery, a detailed resource drilling program of up to 10,000m will be undertaken here.

“We expect to establish an initial drill compliant resource by March 2009,” Mr Lawton says.

The company also plans to complete the approval process for drilling at its Lyell gold project in New Zealand.

Drilling at the project should start early next year.

The drills may also be fired up later this year at the Galala Range moly prospect and the Running Brook gold-

copper tenement – both of which are part of Auzex’s Lyndbrook project in North Queensland.

Just what sets Auzex apart from other metals explorers out there?

The company has a clutch of highly-prospective tenements and uses modern statistical techniques, which are applied to state-of-the-art ore deposit models, to increase the probability of discovery.

“It really comes down to the strategy that we’ve maintained to remain a successful exploration company – using particular expertise and what we consider a competitive advantage in locating large-scale mineralisation associated with granite intrusives.” ■