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ASX RELEASE

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Kingsgate Molybdenum Project – Important exploration advance

Highlights

- **Induced Polarisation ("IP") geophysics indicates a significant increase in the number of quartz pipes at shallow depth, known to be the host of high grade Molybdenum-Bismuth mineralisation.**
- **IP is highly cost effective in identifying new mineralisation and will enhance future exploration and resource estimation.**
- **The extent and scale of mineralisation is likely to be upgraded from the current target of 10,000 to 20,000 tonnes contained molybdenum (the current price of Mo is A$73,500 tonne).**
- **Trial mining (to commence in September) will verify the IP survey results.**

Kingsgate Project, EL 6333 Glen Innes, New South Wales (Auzex 100%)

Important exploration development

Results from a recently completed Induced Polarisation Geophysical Survey ("IP Survey") indicate a new cost effective technique to locate Mo-Bi mineralisation for the Kingsgate project has successfully been established. The current survey was confined to a small (2.5%) part of the total 2.5km x 1.2km project area, but is expected to be applicable throughout.

Preliminary IP Survey Results

There is an excellent contrast between the response of Mo-Bi pipes (or disseminated mineralisation) and barren granite to induced electrical current. IP measures the chargeability and resistivity differences of subsurface lithologies. High grade Mo-Bi pipes for example are chargeable and resistive.

The survey area of 400m x 200m covered three workings and (previously reported) recent drilling, where detailed mapping and 3D geological modelling was completed prior to the survey. The IP results corroborated the drilling and modelling to a high level of confidence.

Within the survey area, three high grade pipes are exposed at surface. Prior to the IP survey 8 quartz pipes, the host of high grade Mo mineralisation, were identified from drilling. Analysis of the IP Survey now indicates an additional 28 high grade pipes.

Induced Polarisation is an extremely cost effective way to identify new mineralisation. As an exploration tool it will enhance all future exploration and resource estimation at Kingsgate.

A 3D version of the IP survey is expected at the end of July. This is expected to show individual pipe trends and pinpoint drill targets for new discoveries.

The success of the IP Survey suggests that the Company's current target of between 10,000 – 20,000 tonnes of Mo could be revised upwards.

Trial Mining Update

Preparation continues for drill and blasting planned to commence in late September. The program will provide valuable information on geology, verify the IP geophysics, mineralisation for final metallurgical testwork and process design, as well as cost inputs for mining. A Scoping Study based on the trial mining outcomes will anticipate a treatment rate of 250,000 tonnes per year of ore grading 0.3% Mo. Early discussions indicate a total capital cost for start-up in the order of A$10-$15 million.

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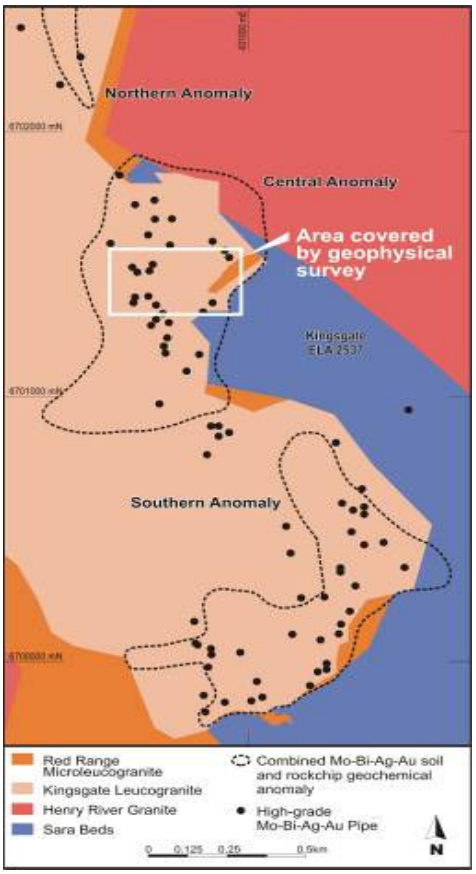
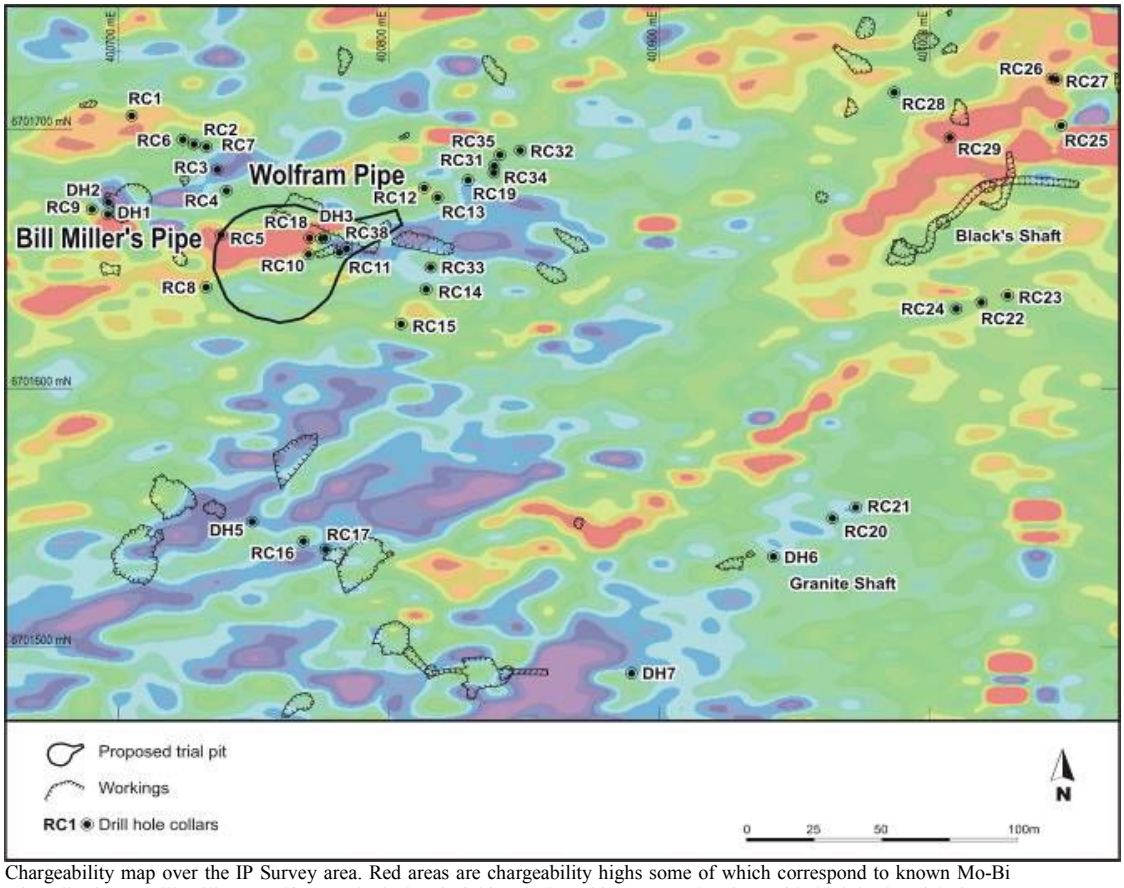
The information in this report that relates to Exploration Results is based on information compiled by John Lawton who is a Member of The Australasian Institute of Mining and Metallurgy. He is a full-time employee of the Company and has sufficient experience that is relevant to the style of mineralisation 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 the report of the matters based on his information in the form and context in which it appears.



Location of IP geophysical Survey in relation to geology, mapped historical pipes and Mo-Bi geochemical anomalies.



Chargeability map over the IP Survey area. Red areas are chargeability highs some of which correspond to known Mo-Bi mineralisation at Bill Millers, Wolfram and Blacks Shaft historical workings. Note the chargeable high in the trial pit area that corresponds to mineralisation intersected in recent drilling.