

ASX RELEASE

9 August 2006

First Indications of New Gold System at Seven Hills prospect, New South Wales

Highlights

- **Soil sample results up to 2 g/t gold within an anomalous zone 1100m long by 200m wide, open to north and south. Limited outcrop and very little modern exploration within the prospect area.**
- **Geological mapping identifies a mineralised stockwork zone within the soil anomaly associated with a previous 2.5 g/t gold rock sample.**
- **Mineralisation is hosted by the same granite as the Company's Kingsgate Molybdenum Project located 30km to the south.**
- **Current soil sampling is extending and infilling the known zone with results expected in early September, in preparation for scout drilling.**

Seven Hills Prospect, Glen Elgin EL 6408, NSW (Auzex 100%)

Highly promising exploration results

Recent soil sample results from the Company's Seven Hills prospect (located 40km north-east of Glen Innes, NSW) have returned assays of up to 2 g/t gold. Of particular note is that there are a large number of gold assays in the range 100-600ppb gold, which define an anomalous zone 1100m long by 200m wide. The anomalous gold soil samples occur in several zones within a 3,500m long by 500m wide area of interest. It is not yet known whether the zones are interconnected and part of one large system or isolated individual zones. Infill soil sampling is currently underway and results are expected in early September. A drill program will then be planned with first holes expected next quarter.

Seven Hills was initially identified as prospective for gold by the Company's prospectivity modelling in the New England region. Fieldwork commenced in late 2005 and early results were encouraging with rock chip samples assaying up to 2.5 g/t gold. Geological mapping of the poorly exposed prospect then identified areas of quartz sulphide vein stockwork associated with strong alteration over a 400m by 200m area. Other smaller areas of similar alteration and mineralisation were also identified. The Seven Hills gold system is hosted by the same granite phase as the Kingsgate Molybdenum project located 30km to the south.

Prospectivity Model

The Seven Hills discovery is further evidence that the new prospectivity modelling techniques used by Auzex in combination with our extensive database throughout eastern Australia and New Zealand are providing the Company with a significant competitive advantage in our exploration for granite related mineral systems.

Greenfield exploration discoveries such as Seven Hills and the West Tinaroo (North Qld) gold project are rare. These two discoveries found by the Company in the past 8 weeks demonstrate how the use of these new computer based statistical techniques can significantly increase our probability of exploration success.

For further information contact:

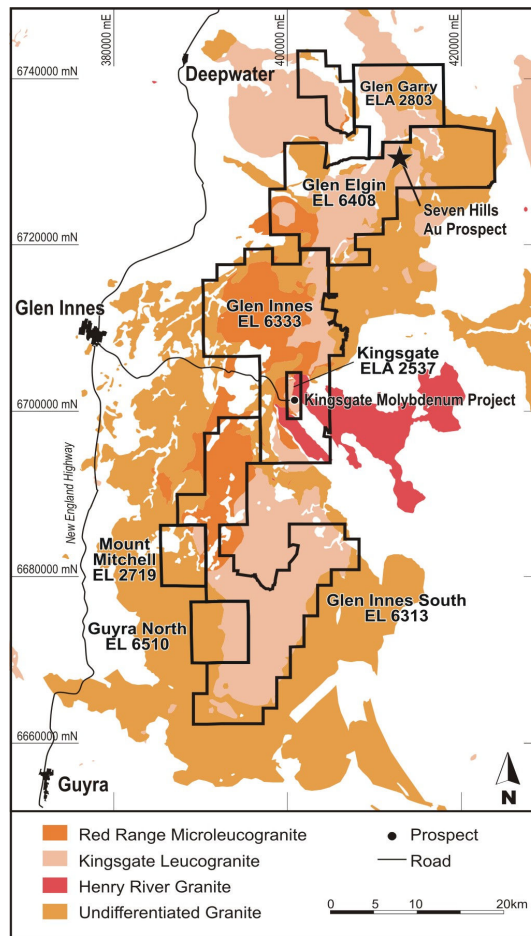
John Lawton

Executive Chairman
Tel: +617-3303-0198

Brett O'Donovan

Marketing & Investor Relations
Tel: 0433-399-501 (within Aust.)
+614-3339-9501 (outside Aust.)

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.



Auzex Tenement Map highlighting Seven Hills Gold Prospect