

## **ASX RELEASE**

**14 December 2006**

### **Trial Mining Confirms High Grade Potential of Kingsgate**

Results from trial mining at the Kingsgate Molybdenum Project near Glen Innes, NSW indicate the program's objectives have been successfully achieved, confirming the high grade nature of the molybdenum-bismuth mineralisation and its relationship with intersected quartz pipe.

The trial mining pit design was based on 3D geological modelling and induced polarisation (IP) geophysical survey results, and planned to intersect one of the many mineralised quartz pipes interpreted from our drilling and geophysics at Kingsgate.

Key points to note include:

- The quartz pipe, which is currently being mined, is 5m-9m in diameter and has an average grade of 0.34%Mo and 0.64%Bi (combined grade equivalent to 0.5%Mo\*). Grade control drilling (over 2.5m vertical intercepts) included assays up to 0.62% Mo and 1.09% Bi (combined grade equivalent to 0.9%Mo\*).
- The amount and grade of bismuth within the pit area, but not directly associated with quartz pipe, was unexpected and if maintained could add significant value to the project.
- Trial mining has confirmed the validity of the geophysical signature associated with Mo-Bi mineralisation, which supports the technique being applied to the entire project area.

The average grade of the pipe mineralisation matches our target grade in our base case production scenario with the added benefit of higher than expected bismuth credits. Representative mineralisation (approximately 0.3%Mo) will be despatched for comprehensive metallurgical testwork shortly. The results of this testwork will form the basis of the plant design as part of a scoping study for development of the project, which is due to be completed in April 2007.

Trial mining will be completed before Christmas. The objective over the next three months is to quantify, through drilling of geophysical anomalies, enough high grade pipes to provide 3-5 years of production based on a base case scenario of 250,000 tpa at an average grade of 0.3% Mo.

The success of this mining program is a significant step forward for Kingsgate and confirms the potential of this Project to be a high grade, low capital cost operation.

*\*Note: Comments regarding “combined grade equivalent” are based on metal prices as at 09 December 2006 viz Mo A\$70,700 mt, Bi A\$18400 mt.*

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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.