

17 October 2007

Khartoum Tin Results Show Promise

Highlights

- **Assay results from a recent channel sampling program confirm that Khartoum (North Queensland) is a significantly mineralised tin system. Six of ten zones sampled (up to 65m in length) averaged greater than 0.1% tin, with a best assay of 5m at 1% tin.**
- **Good exposure of mineralisation enables channel sampling to provide an excellent indication of the level of mineralisation within these greisen targets.**
- **Assay results from numerous greisen bodies within a 2.8km by 2.5km area indicate each of these greisens has the potential to host a significant volume of tin mineralisation.**
- **A thirteen hole (1,500m) drill program is planned for December 2007 to test the continuity of mineralisation at depth and along strike from the surface mineralisation intersected to date.**

Khartoum Tin (Sn) Project, North Queensland (Auzex 100%)

Located approximately 100km south-west of Cairns and 20km north-west of Mt Garnet, Khartoum was identified by the Company's prospectivity modelling as particularly prospective for tin and tungsten mineralisation and moderately prospective for gold mineralisation. The project area covers a Late Carboniferous-Early Permian felsic intrusive (the Elizabeth Creek Granite), containing over 50 tin, tungsten, bismuth and gold occurrences (5,989 tonnes of ore mined) within a 4km x 4km area.

Initial Exploration

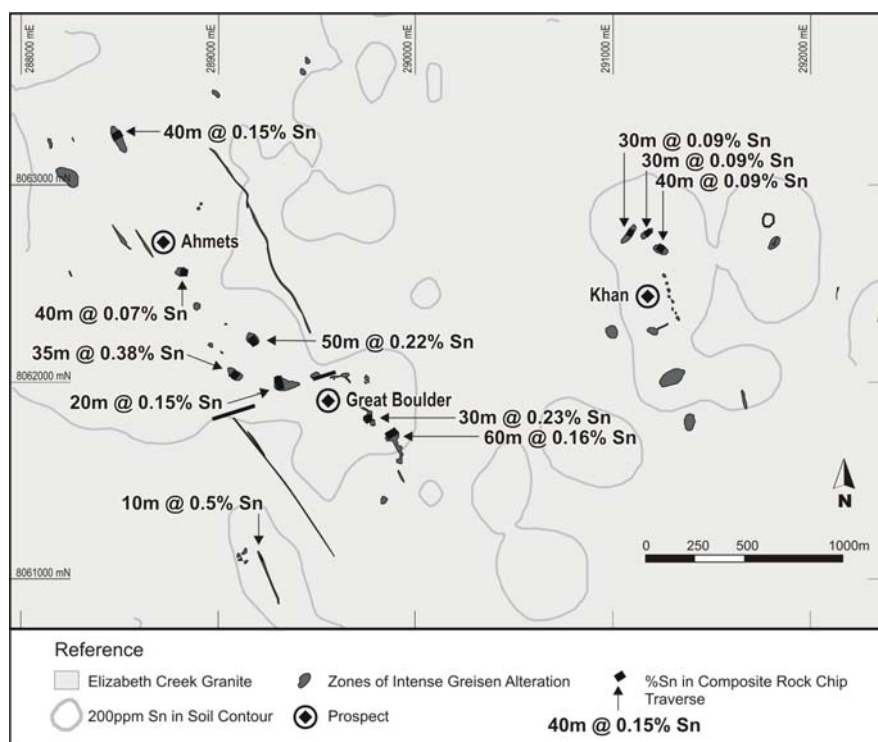
Regional mapping and soil sampling initially identified a 9km by 3km zone of highly anomalous tin geochemistry. The best rock chip results included 15.25% tungsten, 3.78% tin, 0.13% bismuth, 438 g/t silver and 3.39 g/t gold. Results from the reconnaissance exploration were sufficiently encouraging for a detailed soil sampling program to be carried out, which identified fifteen highly anomalous areas, mainly for tin, that had values up to 1.8% tin in soils.

Almost all rock-chip samples containing high-grade tin were collected from zones of greisen alteration. The greisen zones may be flat-lying/shallow dipping, steeply-dipping and traceable for up to 1km in length, or forming sub-vertical 'pipes' (average width of approximately 50m) and exposed as prominent topographical features. Results from rock chip sampling indicate that tin occurs as disseminated cassiterite in greisen and to a lesser extent in quartz veins.

Recent Channel Sample Results

Sampling has now been completed over selected greisen bodies to assess potential grade and widths of tin mineralisation in the near surface. The sampling targeted twelve greisen zones where rock chip samples were collected over metre intervals and composited into 5m samples. Most samples come from subcrop and appear representative of in situ greisen pipe. Results are very encouraging (refer table), with six of the ten pipes sampled averaging greater than 0.1% Sn. Best results include 5m at 1% tin, 35m at 0.38% tin and 40m at 0.30% tin. The pipes also contain anomalous Ag, As, Bi, Cu, In, Pb and W. Importantly, there are numerous significant assays for indium (In) up to 88ppm (see reference to price below). Indium is usually associated with sphalerite in tin systems, so the channel samples will be re-assayed for zinc.

Khartoum composite channel sampling locations and significant results



Summary channel sampling results

Traverse	Easting	Northing	Az	Length	Sn %	Including:
PS148/1	289,303	8,062,019	166	65	0.064	20m @ 0.15% Sn
PS148/2	289,340	8,061,977	348	45	0.097	10m @ 0.36% Sn
PS144/1	289,199	8,062,198	326	50	0.218	
PS144/2	289,161	8,062,225	152	45	0.221	
PS153/1	289,623	8,062,032	135	5	0.038	
PS156/1	289,776	8,061,825	246	30	0.229	
PS156/2	289,771	8,061,784	65	30	0.094	
PS157/1	289,901	8,061,754	242	60	0.162	
PS141/1	288,826	8,062,539	5	40	0.073	
PS141/2	288,841	8,062,575	182	30	0.018	
PS134/1	288,471	8,063,242	61	55	0.094	20m @ 0.20% Sn
PS134/2	288,491	8,063,284	237	40	0.155	20m @ 0.24% Sn
PS149/1	289,102	8,062,038	228	40	0.303	
PS149/2	289,076	8,062,029	29	35	0.382	
PS176/1	291,098	8,062,752	296	30	0.090	
PS177/1	291,185	8,062,751	310	30	0.085	15m @ 0.14% Sn
PS178/1	291,250	8,062,693	210	40	0.085	5m @ 0.48% Sn
PS166/1	289,223	8,061,112	251	10	0.503	5m @ 1.00% Sn
PS166/2	289,250	8,061,045	239	5	0.066	
PS147/1	289,286	8,062,152	0	20	0.011	

Note: Metal Prices as at 11 October 2007 were as follows – Tin (Sn) US\$15,975 metric tonne and Indium (In) US\$238 lb (where 1lb is approximately 450ppm)

Forthcoming Drill Program

Thirteen drill holes (1,500m) are planned for December 2007 based on surface sampling to test continuity of mineralisation at depth and along strike from the surface mineralisation identified to date. A resource drilling program will be planned for next year if similar grades are intersected at depth from initial drilling.

State Government Grant Awarded

Auzex has been successful in gaining a grant of up to \$56,250 under the first round of funding of the Queensland Government's Collaborative Drilling Initiative. The funding is for up to 50% of the estimated direct drilling costs of the upcoming initial drill program.

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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.