

23 November 2007

Kingsgate Molybdenum-Bismuth Project Drill Results Update

Highlights

Kingsgate Molybdenum-Bismuth Project, Glen Innes NSW (Auzex 100%)

- Results for the balance of the drill holes focused on the Wolfram Pipe mineralisation confirm this pipe is three times larger than expected. Up to twenty pipes will be drilled during this program.
- Importantly, the mineralisation plunges parallel to the topography, which means a larger zone of near surface mineralisation has been identified than expected, with the interpreted length of pipe mineralisation greater than 200m in down plunge length.
- Better intersections from the latest round of results include:
 - 4m at 0.90% Mo and 0.09% Bi from 41m
 - 2m at 0.62% Mo and 0.27% Bi from 40m
 - 4m at 0.33% Mo and 0.10% Bi from 38m
- A geological 3D interpretation of this first area of mineralisation has also been completed, identifying a discrete zone of high grade molybdenum mineralisation that is 12m wide and 1-4m thick (with an average grade of 0.4% Mo and 0.2% Bi) within the larger pipe structure. Also, a much higher than expected zone of lower grade mineralisation surrounding the higher grade pipe has been identified. Similarly the amount of bismuth mineralisation present is greater than anticipated.
- Drilling has now been completed over the first two areas of known mineralisation, Wolfram and Blacks Shaft pipes. Visual assessment of Blacks Shaft drill holes, which are pending assays, provides confidence that forthcoming results will at least match those received from Wolfram Pipe. These assays are expected early December 2007. The drill rig has now been moved to the third area of mineralisation, Bill Millers pipe, where two lines are planned for 800m of drilling.

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The resource drilling program, which started in September, is continuing with 61 holes completed to date for a total of 2,746m of RC drilling. Holes were drilled vertically to a depth of between 8m and 67m (average 45m depth), with the aim of testing the down plunge extent and average grade of the mineralised pipes. The drilling to date has been at one metre spaced centres on drill lines 40 metres apart, but will now be on 2m centres as a result of successful pipe definition to date.

Resource definition drilling has now been completed over the Wolfram and Blacks Shaft pipes. Results have been received for the balance of the first area of mineralisation tested, Wolfram Pipe (See Table), providing very encouraging results that confirm the continuity of mineralisation on, and between, sections. As previously reported, the expected high grade molybdenum and bismuth mineralisation has been intersected within and at the margin of the pipe as evidenced by an intersection of 6m at 0.61% molybdenum and 0.36% bismuth from 38m depth. The pipe mineralisation includes up to 2.98% Mo and 1.4% Bi intersected in individual metre intersections.

Better intersections from the latest round of results include 4m at 0.90% Mo and 0.09% Bi from 41m, 2m at 0.62% Mo and 0.27% Bi from 40m and 4m at 0.33% Mo and 0.10% Bi from 38m. These latest results confirm that Wolfram Pipe is three times larger than expected. Importantly, the mineralisation plunges parallel to the topography, which means a larger zone of near surface mineralisation has been identified than expected, with the interpreted length of pipe mineralisation greater than 200m in down plunge length. This, with the larger than expected size of the pipe, will increase the tonnage potential of mineralisation in this area significantly compared to the tonnage assumed in the scoping study.

A geological 3D interpretation of the mineralisation has also been completed and this has identified a discrete zone of high grade molybdenum mineralisation that is 12m wide and 1-4m thick (with an average grade of 0.4% Mo and 0.2% Bi) within the larger Wolfram pipe structure. There are also smaller zones of bismuth rich mineralisation with average grades up to 0.3% Bi scattered through the pipe above the molybdenum rich zone. We are confident that the grades used in the scoping study are present in the Wolfram Pipe, which also contains a larger tonnage of bismuth and a larger zone of lower grade mineralisation than expected. Drilling has now moved to Bill Millers pipe where two lines are planned for 800m of drilling. 3D geological models of the Wolfram Pipe and Blacks Shaft Pipe will be completed once all the data have been finalised.

A resource estimate of all pipes targeted for resource development is expected in mid 2008 and will form part of a concurrent Feasibility Study into the development of the project, which should be completed soon after. This Study will be based on a 250,000tpa processing operation at an average head grade of 0.23% Mo and 0.23% Bi, with forecast annual production of 911 tonnes of Mo concentrate and 698 tonnes of Bi concentrate.

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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.

Kingsgate Project – Background

The project area is located 20km east of Glen Innes in northern New South Wales, a well serviced regional town on the main inland highway between Sydney and Brisbane. Historically, the Kingsgate mine was the second largest producer of molybdenum in Australia with much of the ore mined from a swarm of high grade, near-surface quartz pipes. A total of 350t molybdenum and 200t bismuth was mined between the 1880s and 1920s. Very little modern exploration was undertaken until Auzex acquired the project in 2003. At the time of acquisition, molybdenum was trading at less than US\$10 lb and bismuth less than US\$5 lb – current prices as at 15/11/07 are Mo US\$32.75 lb and Bi US\$14.25 lb. Over the last few years, Auzex has completed several drill programs and a Trial Mining / Bulk Sample operation. Results formed part of a Scoping Study completed earlier this year with the Company deciding to advance the project to Feasibility status.

Kingsgate: Summary of Latest Significant Drill Intersections – Wolfram Pipe

Hole	From	To	Interval	Mo %	Bi %
KGRC07-60	34	36	2	0.227	0.127
KGRC07-60	38	42	4	0.328	0.100
KGRC07-61	33	36	3	0.004	0.416
KGRC07-62	33	35	2	0.001	0.106
KGRC07-62	40	42	2	0.624	0.265
KGRC07-63	41	45	4	0.895	0.093
KGRC07-64	42	44	2	0.091	0.017
KGRC07-65	42	45	3	0.178	0.069
KGRC07-66	43	45	2	0.104	0.141
KGRC07-69	43	45	2	0.363	0.072
KGRC07-70	42	46	4	0.162	0.070
KGRC07-71	43	46	3	0.314	0.182
KGRC07-72	20	23	3	0.032	0.008
KGRC07-72	43	47	4	0.220	0.143
KGRC07-73	13	15	2	0.034	0.013
KGRC07-73	42	45	3	0.041	0.218
KGRC07-74	42	45	3	0.122	0.375
KGRC07-76	21	28	7	0.037	0.201
KGRC07-77	21	26	5	0.089	0.275
KGRC07-78	20	26	6	0.061	0.140
KGRC07-79	14	16	2	0.037	0.297
KGRC07-79	21	26	5	0.065	0.084
KGRC07-80	19	26	7	0.071	0.229
KGRC07-82	22	24	2	0.031	0.003

Detailed intersections use a 0.02% Mo and Bi cut off with a minimum width of 2m and internal dilution of 2m from preliminary assay results to date.

Kingsgate Drill Collar Details

Hole	Easting	Northing	RL	Az	Dip	Depth (m)
KGRC07-60	400830	6701677	1057	0	-90	61
KGRC07-61	400829	6701678	1057	0	-90	45
KGRC07-62	400830	6701679	1057	0	-90	49
KGRC07-63	400830	6701680	1057	0	-90	49
KGRC07-64	400830	6701681	1057	0	-90	49
KGRC07-65	400830	6701682	1057	0	-90	49
KGRC07-66	400831	6701683	1058	0	-90	55
KGRC07-67	400790	6701667	1064	0	-90	55
KGRC07-68	400790	6701668	1064	0	-90	12
KGRC07-69	400831	6701684	1057	0	-90	61
KGRC07-70	400831	6701685	1057	0	-90	61
KGRC07-71	400831	6701686	1057	0	-90	49
KGRC07-72	400831	6701687	1057	0	-90	49
KGRC07-73	400831	6701688	1057	0	-90	67
KGRC07-74	400831	6701689	1057	0	-90	49
KGRC07-75	400831	6701690	1057	0	-90	49
KGRC07-76	400791	6701661	1058	0	-90	55
KGRC07-77	400790	6701661	1058	0	-90	43
KGRC07-78	400789	6701660	1058	0	-90	43
KGRC07-79	400788	6701660	1058	0	-90	43
KGRC07-80	400787	6701659	1058	0	-90	43
KGRC07-81	400787	6701658	1058	0	-90	61
KGRC07-82	400786	6701657	1058	0	-90	43