

13 December 2007

## Exceptional drill results from Kingsgate molybdenum-bismuth project

### Highlights

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

- The Company is pleased to report the best results to date from any drilling conducted on the project. Intersections from the second area of focus, Blacks Shaft, include:
  - 5m at 1.352% Mo and 0.69% Bi from 42m
  - 7m at 0.695% Mo and 0.523% Bi from 43m
  - 5m at 0.545% Mo and 0.364% Bi from 42m
- Results from Blacks Shaft suggest that it is up to two times larger and of a significantly higher grade than assumed in the Scoping Study.
- Drilling has now been completed over the first three areas of known mineralisation (Wolfram, Blacks Shaft and Bill Millers). Visual assessment of Bill Millers drill holes, which are pending assays, confirm that high grade molybdenum and bismuth has also been intersected (see attached image) and, as per Wolfram and Blacks Shaft, the size of the mineralised zone is greater than originally thought.
- To date, the current drill program has achieved a 100 per cent strike rate in identifying individual mineralised zones (quartz pipes) with the results revealing a larger scale of mineralisation than had initially been modelled. This confirms the Company's view that the Scoping Study (ASX release dated 20 June 2007) was conservative.
- These results, combined with the improved metal recovery levels (ASX release dated 12 November 2007) add significant value to the project.
- Further results will be progressively reported to the market with the next update expected in late January.

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

### **Status of Drill Program**

The resource drilling program at Kingsgate is continuing with 96 holes completed to date for a total of 4,057m of RC drilling. Holes were drilled vertically to a depth of between 8m and 67m (average 42m 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 and two metre spaced centres on drill lines 20 to 40 metres apart. Phase One resource drilling has been successfully completed, targeting three areas of mineralisation (Wolfram, Blacks Shaft and Bill Millers) and results have been sufficiently encouraging for the Company to commence the expanded Phase Two drilling program. Future drilling will continue on 2m and 4m centres as a result of the successful targeting of pipes in the Phase One drilling and the pipes being larger than expected.

### **Drill Results**

All the assay results have been received for the new pipe intersected at Wolfram Pipe and a large proportion of the assays have been received for the historic pipe at Blacks Shaft (See Tables). Assay results for Bill Millers are expected in early February. Results continue to be very encouraging and continue to increase our confidence in mineralisation being continuous on, and between, sections. As previously reported expected high grade molybdenum and bismuth mineralisation has been intersected within and at the margin of pipe mineralisation in both historic and new pipes drilled. For example, the new pipe intersected in the Wolfram Pipe area returned 6m at 0.61% molybdenum and 0.36% bismuth from 38m depth. Better intersections from the latest round of results, which are mainly from Blacks Shaft, include 5m at 0.55% Mo and 0.36% Bi from 42m, 5m at 1.35% Mo and 0.69% Bi from 42m and 7m at 0.70% Mo and 0.52% Bi from 43m. These latest results suggest that Blacks Shaft is up to two times larger and higher grade than assumed in the scoping study, similar to the new Wolfram Pipe mineralisation. Importantly, significant widths of additional lower grade mineralisation occur above the pipe at Blacks Shaft.

### **Interpretation of Results**

3D geological cross sectional interpretations of the new mineralisation at Wolfram Pipe and Blacks Shaft have been completed, identifying discrete zones of high grade molybdenum mineralisation that are up to 8m wide and 5-10m thick (typical average grades to date of up to 0.37% Mo and 0.24% Bi) associated with quartz pipe and a broader alteration halo that surrounds the pipe. For example, the attached cross section is from the new mineralisation intersected at Wolfram Pipe. At Blacks Shaft, a zone of lower grade mineralisation that is 10m wide and 2-10m thick (with an average grade of 0.03% Mo and 0.03% Bi) has been identified above the high grade zone. The width of high grade mineralisation at Blacks Shaft is open in one direction, whereas low grade mineralisation is open in all directions. Assays are yet to be received for numerous holes where visible mineralisation has been logged by the project geologist. For example, the attached photograph is of mineralisation recently intersected at Bill Millers.

### **Forthcoming Program**

Phase Two drilling has now commenced with the drill rig moved to Southern Kingsgate. Old 45 (Sach's) pipe is to be tested by 800m of drilling on two lines spaced 40m apart before Christmas. 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.

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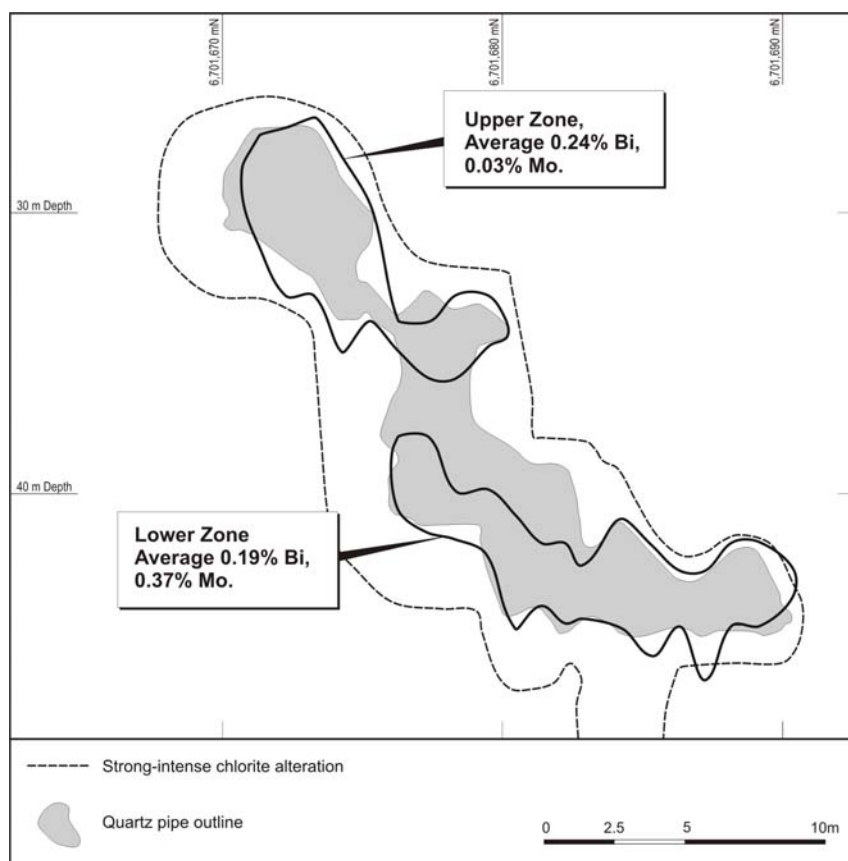
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### Competent Person Statement

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 6/12/07 are Mo US\$32.60 lb and Bi US\$13.25 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.



**Wolfram Pipe Cross Section 400,830mE, showing continuity of bismuth and molybdenum mineralisation within the quartz pipe.**

**Kingsgate: Summary of Latest Significant Drill Intersections - Blacks Shaft**

Hole	From	To	Interval	% Mo	% Bi
KGRC07-83	10	12	2	0.020	0.026
KGRC07-84	28	30	2	0.133	0.079
KGRC07-84	32	34	2	0.022	0.025
KGRC07-84	36	40	4	0.023	0.032
KGRC07-84	42	47	5	0.545	0.364
Includes	42	43	1	1.065	0.277
KGRC07-85	13	15	2	0.143	0.142
KGRC07-85	30	39	9	0.032	0.046
KGRC07-85	42	48	6	0.114	0.137
KGRC07-86	33	37	4	0.047	0.027
KGRC07-86	38	41	3	0.024	0.213
KGRC07-86	42	47	5	1.352	0.690
Includes	42	43	1	4.820	1.565
KGRC07-87	35	37	2	0.128	0.021
KGRC07-87	43	50	7	0.695	0.523
Includes	43	44	1	2.650	0.755
KGRC07-88	17	20	3	0.020	0.031
KGRC07-88	37	39	2	0.024	0.011
KGRC07-88	45	51	6	0.114	0.049
KGRC07-89	44	46	2	0.060	0.039
KGRC07-89	50	53	3	0.193	0.065
KGRC07-90	17	19	2	0.044	0.343
KGRC07-90	31	33	2	0.024	0.018
KGRC07-90	34	36	2	0.019	0.024
KGRC07-90	39	41	2	0.069	0.025
KGRC07-91	25	28	3	0.103	0.018
KGRC07-91	35	37	2	0.023	0.026
KGRC07-91	43	47	4	0.273	0.330
KGRC07-91	48	50	2	0.041	0.007
KGRC07-92	5	7	2	0.025	0.022
KGRC07-92	36	41	5	0.019	0.321
KGRC07-98	10	12	2	0.051	0.062
KGRC07-98	16	18	2	0.500	0.025
KGRC07-98	19	21	2	0.063	0.036

*Detailed intersections use a 0.02% Mo and Bi cut off with a minimum width of 2m and no internal dilution from preliminary assay results to date.*

**Recent Kingsgate Drill Collar Details**

Hole	Easting	Northing	RL	Azimuth	Dip	Depth (m)
KGRC07-83	401025	6701677	1040	0	-90	19
KGRC07-84	401065	6701665	1044	0	-90	61
KGRC07-85	401065	6701666	1044	0	-90	61
KGRC07-86	401065	6701668	1044	0	-90	61
KGRC07-87	401065	6701669	1043	0	-90	61
KGRC07-88	401065	6701670	1043	0	-90	61
KGRC07-89	401065	6701672	1043	0	-90	61
KGRC07-90	401066	6701674	1043	0	-90	67
KGRC07-91	401065	6701667	1044	0	-90	61
KGRC07-92	401066	6701676	1043	0	-90	67
KGRC07-93	401025	6701675	1040	0	-90	20
KGRC07-94	401025	6701673	1040	0	-90	43
KGRC07-95	401025	6701671	1040	0	-90	67
KGRC07-96	401023	6701680	1040	0	-90	49
KGRC07-97	401023	6701682	1040	0	-90	43
KGRC07-98	401025	6701686	1040	0	-90	37
KGRC07-99	401025	6701688	1040	0	-90	37



**High grade molybdenum and bismuth mineralisation recently intersected at Bill Millers – assays pending.**