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ASX RELEASE

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Drill Results Confirm New Tin Discovery at Khartoum, North Qld

Highlights

- **An initial six-hole scout drilling program has produced excellent results with best intersections including 104m at 0.21% tin from 12m and 34m at 0.26% tin from 99m. All holes intersected mineralisation with individual metre assays up to 3.00% tin.**
- **Channel sample results reported last year (ASX release 17 October 2007) included results of 35m at 0.38% tin and 5m at 1.0% tin. Given the correlation between the channel sample (surface) and drill results (sub-surface), future delineation of mineralisation for resource drilling should be very cost-effective.**
- **Similar zones of mineralisation have been mapped in the 2.8km by 2.5km area, which along with several tin soil anomalies within the larger 3km by 9km area, provide numerous new targets for future resource drilling.**
- **There is considerable potential to increase the scale of the Khartoum project within the Company's tenement, outside of the area defined by current exploration.**
- **Although historical workings exist, the project area has not been the subject of modern exploration.**
- **The Company's key focus remains the completion of the Feasibility Study for development of the Kingsgate molybdenum-bismuth project (Glen Innes, NSW). However, the Khartoum tin results are compelling and although the project is in its infancy, could lead to arguably the most significant new tin discovery for many years.**
- **The tin price is strong with a positive outlook; currently (7 Feb. 2008) the metal is A$18,700 per tonne.**

Khartoum Tin Project, North Queensland (Auzex 100%)

Khartoum was identified by the Company's prospectivity modelling as particularly prospective for tin and tungsten mineralisation and moderately prospective for gold mineralisation. Located approximately 100km south-west of Cairns and 20km north-west of Mt Garnet, the project area covers a Late Carboniferous-Early Permian felsic intrusive (the Elizabeth Creek Granite), containing over 50 tin, tungsten, bismuth and gold occurrences. Approximately 15,000 tonnes of tin ore at an unknown grade is reported from historic mining of eight mines in the area.

Regional mapping and soil sampling initially identified a 9km by 3km zone of highly anomalous tin mineralisation associated with greisen alteration. The soil sampling 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, which have been mapped as flat-lying and steeply-dipping zones of mineralisation that can be traced for up to 1km in length. The greisens also form as sub-vertical pipes averaging 50m wide that crop out as hills. Results from rock chip sampling indicate that tin occurs as disseminated cassiterite (SnO_2) in the greisen and to a lesser extent in quartz veins.

As reported previously, sampling was completed over selected greisen bodies to assess potential grade and widths of tin mineralisation in the near surface. The sampling targeted twelve zones of greisen mineralisation where rock chip samples were collected over metre intervals and composited into 5m samples. Results were very encouraging with six of the ten pipes sampled averaging greater than 0.1% tin. Best results included 5m at 1% tin, 35m at 0.38% tin and 40m at 0.30% tin. The pipes also contained anomalous Ag, As, Bi, Cu, In, Pb and W. The Company's ASX release on 17 October 2007 provides full details.

A total of 9 RC holes and 1 HQ diamond hole, for a total of 1,335m were initially planned to test the Boulder-Ahmets area within the larger soil anomaly at Khartoum. Most holes were designed to test down-dip continuation of outcropping greisen mineralisation. Auzex was successful in gaining a grant for 50% of direct drilling costs for the planned drilling under the first round of funding from the Queensland Government's Collaborative Drilling Initiative. Five RC holes and one diamond drill hole were drilled for a combined total of 528m, comprising 383.8m of RC and 144.2m of diamond core (refer Table 2). The program was shortened from the original plan due to heavy rain that continues to affect the region. All holes intersected the targeted greisen mineralisation. Visible coarse cassiterite was logged in the diamond drill hole within the greisen alteration.

Tin mineralisation was intersected in all six holes (refer Table 1) from an area with a 2,500m strike extent (Figure 1). Mineralisation has been intersected over wide intervals from the surface to a depth of 132m with grades of mineralisation between 0.13% and 0.26% Sn intersected. Narrow zones of high grade tin were also intersected within the broader intersections with 1m at 1.76% Sn from 13m and 1m at 1.10% Sn from 102m in BARD07-05 and 1m at 3.00% Sn from 44m in BARC07-02 (Table 2). The drilling results compare well with the surface sample results reported previously. This suggests that surface channel sampling will be a cheap and effective way of delineating mineralisation for future resource drilling. Elevated zinc (Zn) and indium (In) mineralisation are also associated with the tin mineralisation in several holes including 104m at 0.15% Zn and 11.33ppm In from 12m; and 25m at 0.24% Zn and 5.9ppm In from 39m.

Numerous similar zones of greisen mineralisation have been mapped in the area, which along with several tin soil anomalies within the larger 3km by 9km area, provide numerous new targets for future resource drilling. The size and grade of tin mineralisation mapped on the surface and intersected at depth to date is very exciting and could lead to arguably the most significant new tin discovery for many years.

The Company will be assessing options for advancing Khartoum during the wet season, including metallurgical testwork and 3D geological modelling of the greisen mineralisation, so that we will be in a position to start resource delineation work as soon as the area dries out.

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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.

Table 1: Summary of Significant Drill Intersections

Hole	From (m)	To (m)	Interval	Sn %	Ag ppm	In ppm	Zn %
BARC07-01	39	64	25	0.15	3.93	5.90	0.24
BARC07-01	70	72	2	0.13	0.25	3.09	0.11
BARC07-02	44	47	3	1.22	0.32	0.61	0.02
BARC07-03	82	86	4	0.11	0.65	1.18	0.01
BARC07-03	99	133	34	0.26	1.52	3.25	0.03
BARC07-04	29	53	24	0.14	3.83	2.48	0.03
BARD07-05	12	116	104	0.21	2.96	11.33	0.15
BARC07-06	39	42	3	0.24	0.47	4.48	0.06

Detailed intersections using a 0.08% Sn cut off with a minimum width of 2m and internal dilution of 4m.

Table 2: Drill Collar Details

Hole	Easting	Northing	RL	Az	Dip	Depth (m)
BARC07-01	288465.2	8063248	834	60	-55	84
BARC07-02	288758.5	8062507	794	45	-50	126
BARC07-03	289265.1	8061925	735	35	-50	150
BARC07-04	288242.9	8063027	857	60	-55	96
BARD07-05	289046	8062091	760	142	-50	150
BARC07-06	289209.5	8061055	741	70	-60	72

Khartoum drilling – December 2007

Figure 1: Khartoum drillhole collars and traces with significant drill results (in bold text) together with mapped geology and significant channel sample results (in lighter text)