

4 March 2008

Kingsgate molybdenum-bismuth project - drill results and update

Highlights

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

- **Further positive assay results have been received since the last update on the resource drilling program at Kingsgate. Better intersections include:**
 - **7m at 0.871% Mo and 0.256% Bi from 30m**
 - **3m at 1.676% Mo and 0.461% Bi from 14m**
 - **5m at 0.872% Mo and 0.542% Bi from 13m**
- **Initial assay data has been forwarded to Mining Associates for the commencement of resource modelling. It should be noted that the modelling completed for the feasibility study will cover only 10 per cent of the entire project area.**
- **All pipes drilled to date remain open along plunge. There are a further 98 pipes mapped in the area that have yet to be drilled. The intention of the drilling program is to establish a resource to sustain mining operations for a minimum 2 years. Most pipes will be drilled after commencement of operations.**
- **Following successful completion of the third phase of drilling, both drill rigs have been demobilised with activity expected to resume in May. This enables the Company to efficiently assess assay data (which lags the drilling by up to 6 weeks) in respect of resource modelling.**
- **Further drill results and an update on the progress of the Kingsgate feasibility study will be announced in early April.**

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

Work on key components of the feasibility study for mining at Kingsgate is progressing well. Work completed to date includes acquisition of detailed regional geophysical data, clarification of Native Title and cultural heritage over the project area, detailed geological mapping of the total project area, acquisition of up to date aerial photography, development of a DEM from the aerial photography, and environmental studies. Work outstanding includes resource drilling and modelling, finalising metallurgical testwork for bismuth and quartz, updating process design and plant specifications, marketing of Kingsgate products, and water quality studies.

This phase of the resource drilling program at Kingsgate is nearing completion, with 131 holes drilled since the last update in the December quarterly report. Holes were drilled vertically to a depth of between 2m and 108m (average 46m depth). The drilling to date has been at two to eight metre spaced centres on drill lines 20 to 40 metres apart. The aim of the current program is to test for new pipes and define the plunge length of the pipes tested in the phase one program.

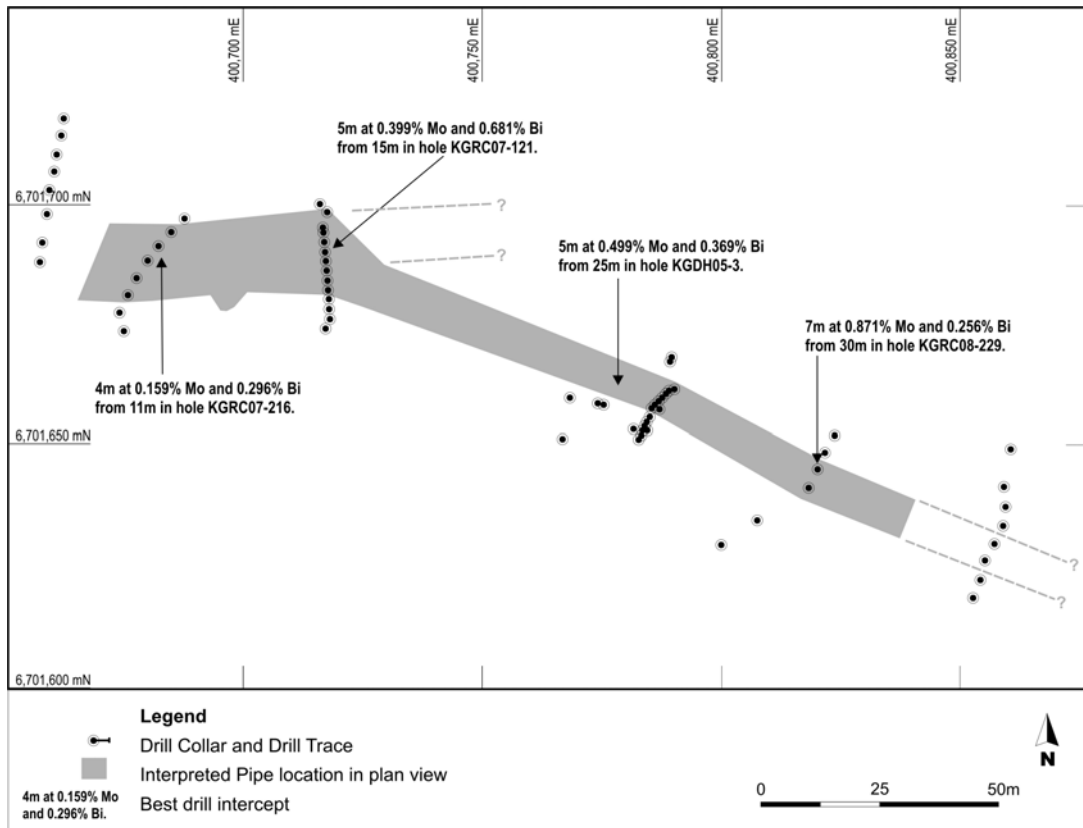
Drilling has been carried out over the Wolfram-Bill Millers Pipe, Blacks Shaft, Granite Shaft, Pipe No 48, Pipe 46, Pinket Pipe, Leeds Pipe, Tin Pipe, Mick's Shaft and the main molybdenum-bismuth soil anomaly in central Kingsgate; and 40 North Pipe and Old 45 (Sachs) located in southern Kingsgate. Drilling will finish at Old 25 North in central Kingsgate; and Niels Blow, Monkey Shaft and Jim Marshalls at southern Kingsgate. There is up to a six week delay in receiving assay results, which has resulted in a significant backlog of assay results, especially as there has been two drill rigs working at Kingsgate over the last two months. However, a visual assessment of mineralisation indicates molybdenum and bismuth mineralisation has been intersected in nine of the twelve pipes tested and significantly new mineralisation of 4m at 0.115% Mo and 0.012% Bi was intersected beneath an area of anomalous bismuth and molybdenum in soils coincident with a chargeability high. This area of new mineralisation was not included in the original scoping study and confirms our confidence that additional new areas of mineralisation are present in the project area.

Subsequent drilling has been very successful in intersecting mineralisation along strike at 40m spacing along the plunge of the Bill Millers-Wolfram pipe. Currently the pipe has been intersected on five separate drill fence lines defining an ESE plunging pipe over a 200m plunge length (refer figure). Importantly the pipe is at a shallow depth as it plunges subparallel to topography and occurs between 3m and 40m below surface. The pipe remains open down plunge to the ESE. Assay results from this drilling provide very encouraging results that confirm the continuity of mineralisation on, and between, sections. The pipe mineralisation includes up to 4.86% Mo and 1.50% Bi intersected in individual metre intersections. Better intersections from the latest round of results at Bill Millers-Wolfram Pipe include 7m at 0.87% Mo and 0.26% Bi from 30m; 3m at 1.68% Mo and 0.46% Bi from 14m; 5m at 0.87% Mo and 0.54% Bi from 13m and 4m at 0.11% Mo and 0.30% Bi from 34m.

Resource modelling is expected to start in mid April once all assays have been received. Both drill rigs have been demobilised and are expected to resume activity in May. This enables the Company to assess assay data (which lags the drilling by up to 6 weeks). The first pass resource modelling will provide information on grade continuity in the pipes drilled and will define the ultimate drill spacing required to define JORC compliant resources for each pipe. Four of the pipes should have sufficient data to allow preliminary JORC compliant resources to be calculated. All pipes drilled to date remain open along plunge and will require additional drilling to upgrade and expand resources. The remaining 98 pipes mapped in the area also require drilling out at the spacing defined by this study.

Kingsgate Feasibility Study Status

Key Input	Notes
Resource Drilling	Drilled 11,203m covering 12 pipes with assays received for 4,561m. Completed three of four phases of drilling with recent focus on Central Kingsgate – drill program is targeting less than 10% of total project area. Drilling has paused to allow time for the balance of the assays to be received and assessed before final phase of drilling.
Resource Modelling	All assays received to date have been forwarded to consultants for commencement of resource modelling.
Metallurgy	Molybdenum metallurgy finalised, bismuth to be completed, quartz testwork results expected within 4 weeks.
Process Plant Design & Site Layout	Final design subject to completion of metallurgical testwork.
Development Financing	Early stage discussions started with detailed negotiations set to begin nearing completion of feasibility study.
Sales / Offtakes	Discussions continue however the final product being produced is likely to be sold direct to end users, thus avoiding metal trader costs.
Environmental Impact Study	Consultants have completed site flora and fauna inspections with report pending – no issues are expected.
Water Supply	Will be done when weather improves.
Permitting/Approvals	Will start when mine design is completed. Environmental documentation started.
Grid Power	Final design required.



Interpreted location of Wolfram-Bill Millers pipe showing best intercepts for each fence line – open down plunge with eastern assays pending

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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 01/03/08 are Mo US\$34.00lb* and Bi US\$12.00lb. 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 in mid 2007 with the Company deciding in late August 2007 to advance the project to Feasibility status.

(*Note: 1lb/mt = 0.0045% (or 450ppm) approx, 0.1% = 22lb/mt approx)

Kingsgate: Summary of Significant Drill Intersections

Hole	From	To	Interval	% Mo	% Bi	Area
KGRC07-126 to KGRC07-161	Results pending					
KGRC08-162	5	9	4	0.115	0.012	Main Soil Anomaly
KGRC08-163	9	11	2	0.057	0.009	Main Soil Anomaly
KGRC08-165	46	48	2	0.082	0.011	Main Soil Anomaly
KGRC07-166 to KGRC07-211	Results pending					
KGRC08-212	39	41	2	0.013	0.066	Pipe 46 Extension
KGRC08-216	11	15	4	0.159	0.296	Wolfram-Bill Millers Extension
KGRC08-217	8	10	2	0.057	0.070	Wolfram-Bill Millers Extension
KGRC08-217	12	14	2	0.029	0.123	Wolfram-Bill Millers Extension
KGRC08-218	6	9	3	0.046	0.391	Wolfram-Bill Millers Extension
KGRC08-218	11	13	2	0.202	0.011	Wolfram-Bill Millers Extension
KGRC08-220	2	5	3	0.025	0.101	Wolfram-Bill Millers Extension
KGRC08-220	6	8	2	0.024	0.098	Wolfram-Bill Millers Extension
KGRC08-224	29	32	3	0.336	0.031	Wolfram-Bill Millers Extension
KGRC08-225	27	29	2	0.077	0.013	Wolfram-Bill Millers Extension
KGRC08-228	13	13	5	0.872	0.542	Wolfram-Bill Millers Extension
Includes	13	14	1	1.500	3.530	Wolfram-Bill Millers Extension
KGRC08-228	34	38	4	0.112	0.301	Wolfram-Bill Millers Extension
KGRC08-228	40	42	2	0.097	0.043	Wolfram-Bill Millers Extension
KGRC08-229	14	17	3	1.676	0.461	Wolfram-Bill Millers Extension
Includes	14	15	1	1.300	4.860	
KGRC08-229	30	37	7	0.871	0.256	Wolfram-Bill Millers Extension
Includes	35	36	1	0.200	2.430	

KGRC07-230 to KGRC07-269	Results pending					
KGRC07-300 to KGRC07-314	Results pending					

Detailed intersections use a 200 ppm Mo cutoff with minimum 2m width and **no** internal dilution.

Kingsgate Drill Collar Details

Hole	Easting	Northing	RL	Az	Dip	Depth	Target
KGRC07-154	401392.0	6700800.0	922.0	0	-90	57	40 North (southern)
KGRC07-155	401394.0	6700800.0	922.0	0	-90	55	40 North (southern)
KGRC07-156	401396.0	6700800.0	922.0	0	-90	55	40 North (southern)
KGRC07-157	401386.0	6700799.0	922.0	0	-90	43	40 North (southern)
KGRC08-158	401384.0	6700799.0	922.0	0	-90	7	40 North (southern)
KGRC08-159	401378.0	6700773.0	922.0	0	-90	61	40 North (southern)
KGRC08-160	401374.0	6700774.0	922.0	0	-90	49	40 North (southern)
KGRC08-161	400980.7	6701729.0	1033.6	0	-90	67	Main Soil Anomaly
KGRC08-162	400981.4	6701723.0	1034.4	0	-90	43	Main Soil Anomaly
KGRC08-163	400982.2	6701741.4	1029.6	0	-90	55	Main Soil Anomaly
KGRC08-164	400981.6	6701749.3	1028.8	0	-90	55	Main Soil Anomaly
KGRC08-165	400978.9	6701756.8	1028.3	0	-90	49	Main Soil Anomaly
KGRC08-166	400979.8	6701762.4	1027.8	0	-90	43	Main Soil Anomaly
KGRC08-167	400986.3	6701775.8	1025.4	0	-90	49	Main Soil Anomaly
KGRC08-168	400988.1	6701784.5	1023.7	0	-90	49	Main Soil Anomaly
KGRC08-169	400992.1	6701792.3	1022.1	0	-90	55	Main Soil Anomaly
KGRC08-170	400995.8	6701798.0	1021.5	0	-90	43	Main Soil Anomaly
KGRC08-171	400983.6	6701715.2	1035.1	0	-90	37	Main Soil Anomaly
KGRC08-172	400982.7	6701707.2	1036.4	0	-90	31	Main Soil Anomaly
KGRC08-173	401020.7	6701702.6	1035.3	0	-90	43	Main Soil Anomaly
KGRC08-174	401020.0	6701712.0	1033.0	0	-90	43	Main Soil Anomaly
KGRC08-175	401019.7	6701719.6	1031.2	0	-90	49	Main Soil Anomaly
KGRC08-176	401019.4	6701727.6	1030.5	0	-90	43	Main Soil Anomaly
KGRC08-177	401063.4	6701661.4	1044.1	0	-90	56	Blacks Shaft east Extension
KGRC08-178	401062.9	6701649.0	1048.7	0	-90	55	Blacks Shaft east Extension
KGRC08-179	401066.4	6701680.6	1040.5	0	-90	61	Blacks Shaft east Extension
KGRC08-180	401066.8	6701683.8	1040.2	0	-90	55	Blacks Shaft east Extension
KGRC08-181	401068.1	6701691.2	1039.5	0	-90	61	Blacks Shaft east Extension
KGRC08-182	401068.9	6701699.3	1038.6	0	-90	61	Blacks Shaft east Extension
KGRC08-183	401069.5	6701703.0	1038.3	0	-90	67	Blacks Shaft east Extension
KGRC08-184	401059.0	6701651.0	1047.0	0	-90	67	Blacks Shaft east Extension
KGRC08-185	400861.1	6701648.9	1050.0	0	-90	61	Wolfram - Bill Millers Extension
KGRC08-186	400859.6	6701641.0	1050.3	0	-90	67	Wolfram - Bill Millers Extension
KGRC08-187	400859.4	6701632.8	1050.5	0	-90	73	Wolfram - Bill Millers Extension
KGRC08-188	400855.7	6701625.5	1050.9	0	-90	61	Wolfram - Bill Millers Extension
KGRC08-189	400853.2	6701617.7	1051.2	0	-90	55	Wolfram - Bill Millers Extension
KGRC08-190	400854.7	6701621.4	1051.1	0	-90	31	Wolfram East Deep Line2
KGRC08-191	400859.9	6701636.8	1050.3	0	-90	55	Wolfram East Deep Line2
KGRC08-192	400857.7	6701629.1	1050.7	0	-90	31	Wolfram East Deep Line2
KGRC08-193	400898.1	6701616.8	1049.1	0	-90	67	Wolfram East Deep Line3
KGRC08-194	400906.5	6701621.6	1048.5	0	-90	61	Wolfram East Deep Line3
KGRC08-195	400891.7	6701612.1	1049.8	0	-90	61	Wolfram East Deep Line3
KGRC08-196	400916.9	6701632.7	1046.3	0	-90	61	Wolfram East Deep Line3
KGRC08-197	400791.0	6701718.0	1065.5	0	-90	43	Pipe No 48

Hole	Easting	Northing	RL	Az	Dip	Depth	Target
KGRC08-198	400794.0	6701725.0	1065.0	0	-90	43	Pipe No 48
KGRC08-199	400797.0	6701739.0	1063.5	0	-90	49	Pipe No 48
KGRC08-200	400879.8	6701710.5	1046.3	0	-90	80	Wolfram East Deep
KGRC08-201	400878.0	6701714.2	1046.5	0	-90	66	Wolfram East Deep
KGRC08-202	400879.6	6701706.3	1046.1	0	-90	72	Wolfram East Deep
KGRC08-203	400883.1	6701699.3	1045.5	0	-90	66	Wolfram East Deep
KGRC08-204	400884.6	6701691.3	1045.3	0	-90	54	Wolfram East Deep
KGRC08-205	400877.2	6701722.1	1046.8	0	-90	84	Wolfram East Deep
KGRC08-206	400878.1	6701744.7	1048.8	0	-90	76	Wolfram East Deep
KGRC08-207	400878.1	6701745.1	1048.8	0	-90	60	Wolfram East Deep
KGRC08-208	400877.2	6701732.2	1047.8	8	-80	60	Wolfram East Deep
KGRC08-209	401024.6	6701695.2	1035.8	189	-55	48	Blacks Shaft
KGRC08-210	401060.5	6701713.6	1033.2	0	-90	48	Pipe 46 Extension
KGRC08-211	401057.6	6701721.7	1032.3	0	-90	60	Pipe 46 Extension
KGRC08-212	401058.1	6701730.2	1030.9	0	-90	60	Pipe 46 Extension
KGRC08-213	400796.1	6701676.3	1064.2	184	-72	54	Wolfram Pit
KGRC08-214	400747.1	6701686.0	1070.8	185	-60	54	Wolfram Pit Extn
KGRC08-215	400688.2	6701697.1	1074.5	0	-90	24	Wolfram-Bill Millers Extension
KGRC08-216	400685.5	6701694.3	1074.6	0	-90	24	Wolfram-Bill Millers Extension
KGRC08-217	400682.8	6701691.3	1074.8	0	-90	24	Wolfram-Bill Millers Extension
KGRC08-218	400680.6	6701688.2	1075.0	0	-90	18	Wolfram-Bill Millers Extension
KGRC08-219	400678.2	6701684.6	1075.3	0	-90	18	Wolfram-Bill Millers Extension
KGRC08-220	400676.4	6701681.0	1075.5	0	-90	18	Wolfram-Bill Millers Extension
KGRC08-221	400674.6	6701677.4	1075.7	0	-90	18	Wolfram-Bill Millers Extension
KGRC08-222	400675.6	6701673.4	1075.9	0	-90	12	Wolfram-Bill Millers Extension
KGRC08-223	400743.9	6701683.5	1071.3	0	-90	30	Wolfram-Bill Millers Extension
KGRC08-224	400744.2	6701692.1	1071.1	0	-90	60	Wolfram-Bill Millers Extension
KGRC08-225	400743.5	6701688.2	1071.1	0	-90	42	Wolfram-Bill Millers Extension
KGRC08-226	400740.0	6701696.1	1069.5	0	-90	42	Wolfram-Bill Millers Extension
KGRC08-227	400824.2	6701651.7	1056.7	0	-90	48	Wolfram-Bill Millers Extension
KGRC08-228	400822.2	6701648.2	1056.9	0	-90	48	Wolfram-Bill Millers Extension
KGRC08-229	400820.7	6701644.7	1056.9	0	-90	60	Wolfram-Bill Millers Extension
KGRC08-230	400818.8	6701640.7	1057.0	0	-90	48	Wolfram-Bill Millers Extension
KGRC08-231	400624.0	6701686.0	1074.3	0	-90	48	Wolfram-Bill Millers Extension
KGRC08-232	400624.0	6701690.0	1073.7	0	-90	42	Wolfram-Bill Millers Extension
KGRC08-233	400625.0	6701696.0	1073.0	0	-90	30	Wolfram-Bill Millers Extension
KGRC08-234	400623.0	6701682.0	1074.6	0	-90	42	Wolfram-Bill Millers Extension
KGRC08-235	400660.0	6701703.0	1072.5	0	-90	36	Wolfram-Bill Millers Extension
KGRC08-236	400661.5	6701710.5	1072.1	0	-90	24	Wolfram-Bill Millers Extension
KGRC08-237	400662.5	6701714.5	1071.8	0	-90	18	Wolfram-Bill Millers Extension
KGRC08-238	400663.0	6701718.0	1071.7	0	-90	18	Wolfram-Bill Millers Extension
KGRC08-239	400661.0	6701707.0	1072.3	0	-90	30	Wolfram-Bill Millers Extension
KGRC08-240	400659.5	6701698.0	1072.8	0	-90	36	Wolfram-Bill Millers Extension
KGRC08-241	400658.5	6701692.0	1073.2	0	-90	42	Wolfram-Bill Millers Extension
KGRC08-242	400658.0	6701688.0	1073.4	0	-90	42	Wolfram-Bill Millers Extension
KGRC08-243	400790.0	6701690.0	1066.0	0	-90	60	North Wolfram
KGRC08-244	400790.0	6701698.0	1066.2	0	-90	24	North Wolfram
KGRC08-245	400793.0	6701682.0	1064.2	0	-90	42	North Wolfram
KGRC08-246	400792.0	6701691.0	1065.8	0	-90	72	North Wolfram
KGRC08-247	400791.0	6701698.0	1066.2	0	-90	48	North Wolfram
KGRC08-248	400792.0	6701705.0	1066.0	0	-90	30	North Wolfram
KGRC08-249	400792.0	6701712.0	1065.7	0	-90	36	North Wolfram
KGRC08-250	400868.2	6701664.3	1049.1	0	-90	48	Pipe 48 corridor

Hole	Easting	Northing	RL	Az	Dip	Depth	Target
KGRC08-251	400869.5	6701672.3	1049.2	0	-90	66	Pipe 48 corridor
KGRC08-252	400869.2	6701680.0	1049.1	0	-90	66	Pipe 48 corridor
KGRC08-253	400868.8	6701688.0	1049.1	0	-90	60	Pipe 48 corridor
KGRC08-254	400869.3	6701676.5	1049.1	0	-90	54	Pipe 48 corridor
KGRC08-255	400871.0	6701766.0	1051.2	0	-90	48	Pipe 48 corridor
KGRC08-256	400864.7	6701770.1	1051.5	0	-90	60	Pipe 48 corridor
KGRC08-257	400858.2	6701774.7	1051.6	0	-90	48	Pipe 48 corridor
KGRC08-258	400852.0	6701783.0	1053.5	0	-90	72	Pipe 48 corridor
KGRC08-259	400846.0	6701787.0	1052.9	0	-90	66	Pipe 48 corridor
KGRC08-260	400856.0	6701778.0	1053.6	0	-90	48	Pipe 48 corridor
KGRC08-261	400850.0	6701783.0	1053.7	0	-90	48	Pipe 48 corridor
KGRC08-262	400844.0	6701788.0	1052.6	0	-90	60	Pipe 48 corridor
KGRC08-263	400816.0	6701848.0	1050.5	0	-90	72	Pipe 48 corridor
KGRC08-264	400937.0	6701538.0	1065.1	0	-90	60	Pipe 48 corridor
KGRC08-265	400936.0	6701544.0	1065.0	0	-90	42	Granite Shaft
KGRC08-266	400943.0	6701550.0	1064.2	0	-90	42	Granite Shaft
KGRC08-267	400936.0	6701534.0	1065.5	0	-90	60	Granite Shaft
KGRC08-268	400936.0	6701527.0	1065.8	0	-90	108	Granite Shaft
KGRC08-269	400935.0	6701516.0	1065.8	0	-90	90	Granite Shaft
KGRC08-300	400792.0	6701726.0	1065.0	0	-90	43	Northern corridor
KGRC08-301	400791.0	6701732.0	1064.8	0	-90	43	Northern corridor
KGRC08-302	400789.0	6701736.0	1064.8	0	-90	31	Northern corridor
KGRC08-303	400788.0	6701744.0	1064.2	0	-90	43	Northern corridor
KGRC08-304	400788.0	6701752.0	1063.2	0	-90	43	Northern corridor
KGRC08-305	400788.0	6701760.0	1062.0	0	-90	31	Northern corridor
KGRC08-306	400755.0	6701796.0	1059.5	0	-90	43	Northern corridor
KGRC08-307	400754.0	6701804.0	1058.7	0	-90	31	Northern corridor
KGRC08-308	400752.0	6701812.0	1058.0	0	-90	31	Northern corridor
KGRC08-309	400751.0	6701820.0	1057.2	0	-90	31	Northern corridor
KGRC08-310	400750.0	6701828.0	1056.7	0	-90	13	Pinkett northern corridor
KGRC08-311	400742.0	6701885.0	1054.0	0	-90	2	Tin Pipe northern corridor
KGRC08-312	400742.0	6701893.0	1054.0	0	-90	73	Tin Pipe northern corridor
KGRC08-313	400742.0	6701877.0	1054.0	0	-90	67	Tin Pipe northern corridor
KGRC08-314	401284.0	6700070.0	979.0	0	-90	67	Nields Blow