

23 March 2009

Company Announcements  
Australian Securities Exchange

Dear Sirs

### **KINGSGATE UPDATE**

Auzex Resources advises that it has appointed Melbourne strategic consulting firm Heuris Partners ([www.heurisparkers.com](http://www.heurisparkers.com)) and corporate advisory firm SLM ([www.slmcorporate.com.au](http://www.slmcorporate.com.au)), to exclusively market Auzex's Kingsgate Project to a range of potential strategic and financial investors. The firms will actively target global interest in Kingsgate.

Auzex Resources aims to raise sufficient funds for the development of its Molybdenum-Bismuth-High Purity Silica Kingsgate project and other corporate purposes.

Exploration and metallurgical test work to date as well as a feasibility study (completed December 2008) has demonstrated that the Kingsgate area has the potential to support a 250,000 tonnes per year mining operation for at least 5 years to annually produce 800 tonnes of Ammonium Molybdate (400 tonnes of Molybdenum metal - average mining grade 0.18% Mo and 89.5% metal recovery), 260 tonnes of Bismuth metal (average mining grade 0.16% and 65% metal recovery) and 100,000 tonnes of high purity silica (>99.9% SiO<sub>2</sub>, Iron content <10ppm).

It is estimated that the Kingsgate project has:

- A projected net present value of A\$87.7m using a discount rate of 10%.
- An Internal Rate of Return of 45.8%.
- Total revenues amount to A\$445 million, creating \$283.2 million in cash flow after operating costs, and \$138.8million after capital expenditure, royalties and tax.
- Initial start-up capital expenditure of \$80.9 million, of which the process plant is \$69.1million.
- A capital expenditure payback period of 22 months<sup>1</sup>.

Project development focus is anticipated to be on optimising high purity silica production to achieve greater marketing flexibility and potentially significant capital and operating cost reductions.

For further information please check our website ([www.auzex.com](http://www.auzex.com)) or contact Eugene Iliescu (Managing Director) or John Lawton (Executive Chairman) on +617 3303 0393 or +617 3303 0198 respectively.

**Eugene Iliescu**

Managing Director

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<sup>1 1</sup> The project's financial estimates are based on an initial five year period of operations and metal prices of US\$10.25lb Mo, US\$8.40lb Bi and US\$350mt silica