

QUARTERLY REPORT

Three Months Ending 31 March 2009

ASX RELEASE

Highlights

- **The Company has suspended exploration activities to focus on evaluation and development of its six key projects: Kingsgate Mo-SiO₂-Bi; Khartoum Sn; Lyell Au; Klondyke Au; Kirwans W-Au; Running Brook Au.**
- **Eugene Iliescu has been appointed Managing Director of the Company to progress the Kingsgate Project from feasibility to development by attracting a suitable investor.**
- **The Company raised \$515,000 through a placement of 3.4 million shares at \$0.15 per share, and announced a Share Purchase Plan (SPP) for shareholders at similar pricing terms to the placement.**
- **Corporate advisory consultants SLM Corporate and Heuris Partners have been appointed to exclusively market the Kingsgate and Khartoum projects internationally.**
- **Financial modelling of the Kingsgate molybdenum-silica-bismuth project confirm the project's highly attractive economics at different process rates and design.**
- **The Company continues to pursue an opportunity in a gold project offshore, however progress has been slower than previously anticipated with confirmation now expected before the end of June.**

Corporate

A decision was taken by the Company to suspend all exploration activities in late January 2009. As a result, exploration staff were dismissed and the Townsville office was closed with effect from the end of February. All expenditures were assessed and reduced where possible. A total of 14 tenements have been surrendered during the March Quarter in Queensland and New South Wales, while non core New Zealand tenements will be relinquished during the June quarter.

The Company's business is now focussed on attracting investor interest to its attractive project portfolio consisting of six key projects: Kingsgate molybdenum-silica-bismuth, Khartoum tin, Lyell gold, Klondyke gold, Kirwans tungsten-gold, and Running Brook gold.

On 13 March 2009, the Board appointed Eugene Iliescu to the new Managing Director role. He brings to the Company an excellent record in operations management and project development in the resources industry both within Australia and internationally. He has joined Auzex at an important transition stage in the Company's evolution from exploration to project development, and will be integral to attracting suitable partners for the development of the Kingsgate Mo-SiO₂-Bi project in northern New South Wales, evaluation of the Khartoum tin project and the Company's gold targets.

On 18 March 2009 the Company announced it had completed a placement of 3.4 million shares at \$0.15 per share raising a total of \$515,000, and would offer Auzex shareholders participation in a Share Purchase Plan (SPP) on similar pricing terms to the placement. This SPP closes on May 15 2009.

On 23 March 2009 the Company announced the appointment of strategic consulting firms SLM Corporate and Heuris Partners to exclusively market the Kingsgate Project and the Khartoum tin Project to a range of potential strategic and financial investors internationally. This program is currently in progress with a scheduled completion in late June/early July 2009.

Exploration and Project Development

Kingsgate Molybdenum-Silica-Bismuth Project

The Feasibility Study for the Kingsgate Project was completed in December 2008 in which the project's relatively low initial capital cost, high operating margin and short payback period at (then) current low metal prices was confirmed.

In late February Auzex appointed corporate advisory firms SLM Corporate and Heuris Partners to jointly market the Project to interested strategic and financial investors internationally to assist in the development of Kingsgate, including mining companies, product end-users and private equity.

The feasibility was based upon a 250,000 tonnes per annum operation over a minimum five year mine life, with annual production of 800t ammonium molybdate, 260t bismuth, and 100,000t high purity silica (>99.9% SiO₂ with <10ppm Fe).

The Company has subsequently developed alternative production scenarios to reduce capital and operating costs, which may be attractive to different investors.

Marketing activities are expected to intensify over the coming quarter with significant interest being shown early in the process.

Other Projects

As a result of the Company's decision to suspend exploration activities in late 2008 attention has been focussed on the Company's principle projects. Together with Kingsgate, these are

Khartoum tin project (north Queensland)

Lyell gold project (New Zealand)

Klondyke gold prospect (New England, NSW)

Kirwans tungsten/gold project (New Zealand)

Running Brook gold/copper prospect (north Queensland)

All projects are held 100% by Auzex except for Lyell (Au) and Kirwans (W/Au) in New Zealand which are subject to Joint Venture interest of 50%. Technical reports and data packages for each of these projects have been completed to assist in attracting interest.

All other tenements previously held by Auzex have been relinquished, or are in the process of being surrendered.

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