

QUARTERLY REPORT

Three Months Ending 30 June 2009

ASX RELEASE

Highlights

- The Company completed a Share Purchase Plan (SPP) raising \$577,000 from the issue of 3.85 million shares to existing shareholders at \$0.15 per share. A subsequent placement of 2.02 million unallocated (or shortfall) shares, to which the Directors subscribed, raised a further \$303,300.
- The Company's focus during the period was seeking the interest of investors and industry in the evaluation and development of its six key projects: the small tonnage, high grade and financially robust Kingsgate Molybdenum- Silica-Bismuth project; the potentially world-class Khartoum Tin project; the Company's gold projects at Lyell, Klondyke, and Running Brook; the Kirwans Tungsten-gold project.
- Corporate advisers continue to market the Kingsgate and Khartoum projects internationally. A number of parties have expressed interest in the Company's assets, although progress has been slower than anticipated.
- New financial models were developed for the Kingsgate Project to provide flexible development options for parties primarily interested in the high-purity Silica market.
- The Company continued to pursue an opportunity in a gold project offshore. However priority has been given to progress the Company's 100% gold assets.

Corporate

On 20 May 2009 the Company announced it had completed a Share Purchase Plan (SPP) of 3.85 million shares at \$0.15 per share raising a total of \$577,000. In addition and subject to approval at an Extraordinary General Meeting (EGM) held on 25 May 2009, unallocated shares from the SPP were offered to new and existing shareholders at the same price. As a result a further 2.02 million shares were placed raising \$303,000, of which Directors subscribed \$130,350.

The total number of fully paid ordinary shares listed on the ASX at the conclusion of the fundraising was approximately 39.4 million.

Consulting firms SLM Corporate and Heuris Partners continue to market the Kingsgate Project and the Khartoum tin Project to a range of potential strategic and financial investors internationally. Discussions commenced with a number of companies showing an interest in the Company's gold projects at Lyell, Klondyke and Running Brook.

Exploration and Project Development

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)

Kingsgate Molybdenum-Silica-Bismuth Project

The Company assessed different options in the size and scope of mining and processing at Kingsgate in order to develop the most attractive matrix of financial risk and return for the project. Variables addressed were the annual rate of production and the products being produced. These factors directly influence the return on investment, and the scenarios being developed will be attractive to different investors. The Kingsgate Project feasibility study was completed in December 2008 based on an annual process rate of 250,000 tonnes and delivering high value-added products including high purity silica, ammonium molybdate (or molybdenum trioxide-TMO), and bismuth metal (or fusible bismuth-lead alloy). Subsequently, financial models have been developed for 100,000 tonnes per annum (tpa) over a 10 year mine life, and 250,000 tpa over a five year mine life. The 100,000tpa case assumes

production of high purity silica and a combined Mo-Bi concentrate only, to reduce capital and operating costs.

The following statistics assume metal prices of US\$15.00lb Mo, US\$10.00lb Bi and US\$350mt silica at a US\$0.6625 exchange rate:

	100,000tpa	250,000tpa
Initial Capital Cost (A\$M)	42.24	80.89
Operating Cost (A\$ tonne ore)	96.16	129.47
Gross Revenue (A\$ tonne ore)	278.00	673.70
Operating Surplus (A\$ tonne ore)	181.84	544.23

Products

280t MoS ₂	823t AMD
167t Bi ₂ S ₃	261t Bi metal
40,000t SiO ₂	100,000t SiO ₂

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).

Drilling Program for Running Brook and Klondyke Gold Projects

Discussions were entered into with drilling contractors to drill Auzex's Gold projects Lyell (NZ) Runningbrook (Qld) and Klondyke (NSW). Drill targeting has been completed at all three projects, which is planned to commence during the September Quarter 2009.

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

Eugene Iliescu

Managing Director

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.