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ASX RELEASE

QUARTERLY REPORT

Three Months Ending 31 March 2010

HIGHLIGHTS:

Corporate

- Auzex successfully completed its due diligence over the Bullabulling Gold Project and decided to exercise its option to acquire the project from Jervois Mining Limited.
- The Company signed a binding Heads of Agreement with Central China Goldfields Plc ("CCG") over the Bullabulling Gold Project, whereby CCG may acquire 50% equity in the Project for a total payment of \$3 million. On 21 March 2010, CCG formally notified the Company of its intention to exercise its option.
- A Sale and Purchase Agreement was recently (22 April 2010) concluded between Jervois (and wholly owned subsidiary Goldpride Pty Ltd), Auzex and CCG, whereby Auzex and CCG acquire all the rights, title and interest in the Project from Jervois Mining Ltd. Payment of \$800,000, the consideration for all Plant and Equipment and comprising \$300,000 cash and \$500,000 value in Auzex shares, has been completed. The process of replacing the tenement Security Bonds has commenced.
- A joint venture agreement between Auzex and Hillgrove Resources Ltd ("Hillgrove") to enable Hillgrove to explore Auzex' Khartoum EPM 14797 tenement in north Queensland for copper, lead, zinc, nickel and gold mineralisation is being finalised.

Exploration

- Results of exploration and development activities at Bullabulling aimed at understanding the controls and distribution of gold mineralisation are expected

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shortly. The following high grade targets have been identified during this work beneath and between existing pits for immediate follow up exploration:

- Dicksons: 4m at 14.5 g/t Au,
 - Hobbit: 9m at 10.5 g/t Au,
 - Edwards: 9m at 11.9 g/t Au,
 - Endeavour: 3m at 21.2 g/t Au and
 - Bacchus: 7m @ 77g/t Au, 5m @ 14g/t Au, 4m @ 5.08g/t Au, 3m @ 4.43g/t Au and 3m @ 9.16g/t Au.
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- A feasibility study is planned to commence at Bullabulling within three months, involving extensive resource drilling.

 - Drilling at the Klondyke gold prospect in northern New South Wales was abandoned due to poor ground conditions and wet weather. The one hole drilled into the Zoned Pluton was abandoned at 138m before reaching the target. Unexpected and encouraging anomalous gold was encountered in the drillhole.

 - Soil samples collected at Khartoum from the Right Bower and Excelsior prospects were analysed for base metals and tin. Significant tin soil anomalies were identified at both prospects.

Corporate

Auzex finalised negotiations on two opportunities and continued discussions on another during the quarter.

The most important of these opportunities is the acquisition of the Bullabulling Gold Project in the Coolgardie Goldfields of Western Australia from Jervois Mining. Auzex successfully completed its due diligence and decided to exercise its option to acquire the project from Jervois Mining Limited. A binding Heads of Agreement was also signed with Central China Goldfields Plc ("CCG"), a listed exploration company on the Alternative Investment Market (AIM) of The London Stock Exchange (AIM:GGG), providing a right to acquire 50% interest in the Bullabulling Gold Project. CCG made an immediate cash payment of \$500,000 and issued 14,044,944 CCG shares priced at 4 pence each (equivalent to approximately 7.1% of CCG following allotment) to Auzex and Auzex issued 6.0 million Auzex shares at \$0.25 to CCG. CCG subsequently notified the Company of its intention to exercise its option to acquire 50% equity in the Bullabulling Gold Project. A joint venture agreement designed to fast track the Bullabulling project to bankable feasibility is currently being negotiated with a management committee consisting of two representatives from each company that will be responsible for managing the project.

A Sale and Purchase Agreement was recently signed (22 April 2010) by the four parties (Auzex, Jervois (and wholly owned subsidiary Goldpride Pty Ltd) and CCG) whereby Auzex and CCG acquire all the rights, title and interest in the Bullabulling Project from Jervois Mining Ltd. Consideration of \$800,000 for all Plant and Equipment comprising \$300,000 cash and \$500,000 value in Auzex shares has been completed, and replacement of the tenement Security Bonds has commenced.

CCG is required to pay \$1.65 million to Auzex on or before 30 June 2010 and contribute 50% of the Security Bonds (estimated at approximately \$600,000) to earn its 50% equity, otherwise Bullabulling will become wholly owned by Auzex (CCG paid an initial \$0.25 million to Auzex on 31 March 2010). Completion of the transaction is subject to conditions precedent associated with the transfer of tenement titles, security bonds and ministerial approvals, most of which are expected to be concluded before the end of June.

Exploration and development activities aimed at understanding the controls and distribution of gold mineralisation have been underway for some time and results are expected shortly. Drilling to increase the current resources will commence within three months, at which time the Joint Venture will appoint a project manager to oversee a feasibility study estimated to be completed within twenty four months.

A joint venture agreement between Auzex Resources Ltd ("Auzex") and Hillgrove Resources Ltd ("Hillgrove") to enable Hillgrove to explore Auzex' Khartoum EPM 14797 tenement in north Queensland for copper, lead, zinc, nickel and gold mineralisation is being finalised, based on a Heads of Agreement signed on 21 January 2010. Hillgrove is to pay \$100,000 in cash at the date of execution of the Joint Venture Agreement and are required to spend a minimum \$500,000 within two years to earn 80% of all copper, lead, zinc, nickel deposits discovered, and 50% of gold-silver deposits discovered within EPM 14797. Hillgrove may withdraw at any time prior to meeting the minimum expenditure requirement with no retained equity. Auzex may retain 20% of any copper, lead, zinc and nickel discovery subject to pro rata exploration expenditure contributions once Hillgrove equity is earned, as well as receiving a 2% net smelter return royalty from any future mine production associated with the Hillgrove interest.

The Board resolved to restructure itself in preparation for the increased workload associated with the development of the Bullabulling Gold Project. Chris Baker was appointed non-executive Chairman, John Lawton becomes Managing Director, Greg Partington has been reappointed to an executive role as Director of Operations, Eugene Iliescu assumes a non-executive Director role (having resigned as MD to pursue other opportunities), and Paul Frederiks continues unchanged in the roles of Company Secretary and non-executive Director.

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Exploration

Bullabulling gold project, WA (Auzex 50%)

The Bullabulling Gold Project is located approximately 60km southwest of Kalgoorlie in the eastern goldfields of Western Australia. The Project assets include gold resources estimated in 2002 at the time Jervois acquired the Project of 431,000 ounces, mining infrastructure, and substantial geological exploration databases and granted Mining Leases. Gold mineralisation at Bullabulling is open in all directions, particularly at depth, where previous resource drilling is limited past a vertical depth of 60m (the average depth of all drilling at Bullabulling is 34m). In addition, current pit optimisations and mine planning were undertaken at A\$ 600oz (US\$315oz) gold price. Although mining and processing costs have increased in the past few years, with the current gold price in excess of US\$1,100oz, Auzex considers there is scope for expanding the current resources both between the existing pits and at depth.

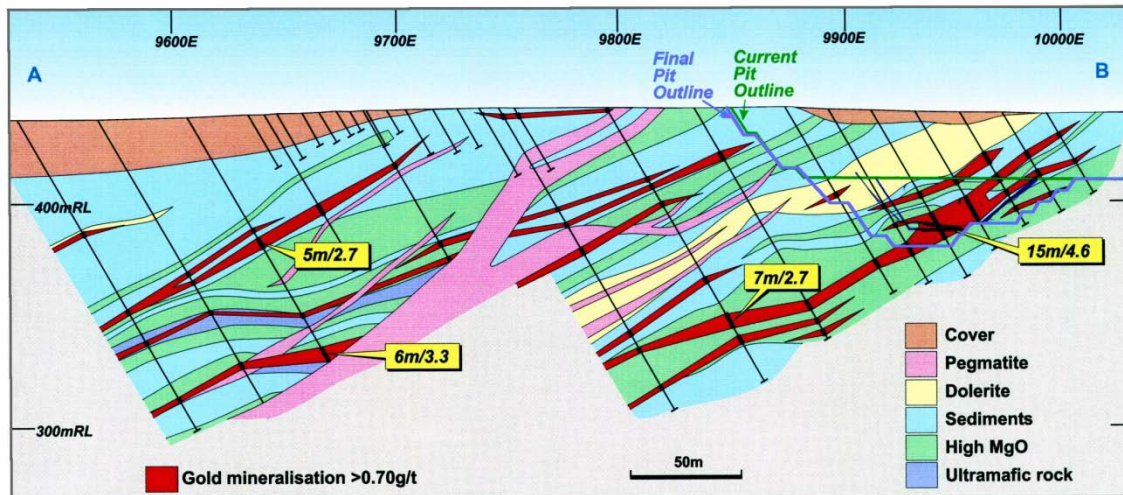
Resource Category	Tonnes	Grade g/t Au	Contained Gold oz
Measured	4,865,000	1.51	237,000
Indicated	4,159,000	1.35	180,800
Inferred	284,000	1.52	13,900
Total	9,308,000	1.44	431,600

Note: Resource tonnes and contained gold figures have been rounded

Auzex has commissioned a detailed structural study of the Project to better understand the controls on mineralisation, which is nearing completion and database compilation work in preparation for resource modeling. Mapping of the 3D structural and geological controls on gold mineralisation at Bullabulling has been completed as part of the structural study. Preliminary Leapfrog modeling has been completed and 3D wireframes of the distribution of gold mineralisation at 2 g/t Au and 5 g/t Au cut offs have been developed. These clearly show good continuity of mineralisation at both cut off grades and that significant mineralisation is present between and beneath the current pits. Work completed to date includes pit mapping, structural data analysis using Leapfrog 3D modeling software and synthesis to reinterpret the drilling data and identification of drill targets for reconciliation drilling. The following high grade targets have been identified during this work beneath and between existing pits for immediate follow up exploration:

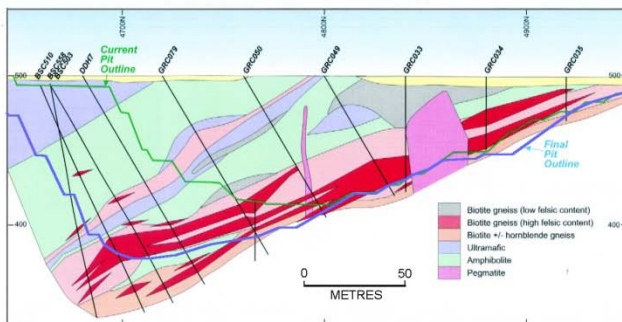
- Dicksons: 4m at 14.5 g/t Au,
- Hobbit: 9m at 10.5 g/t Au,
- Edwards: 9m at 11.9 g/t Au,
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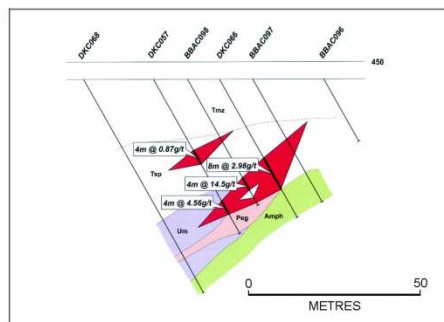


BACCHUS NORTH

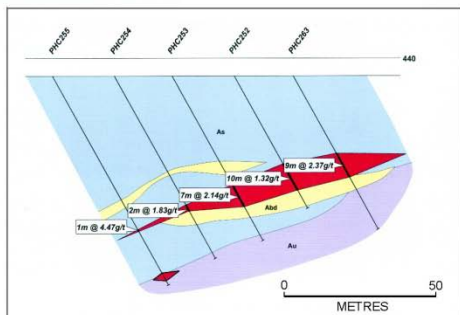
PHOENIX PIT INITIAL MINING



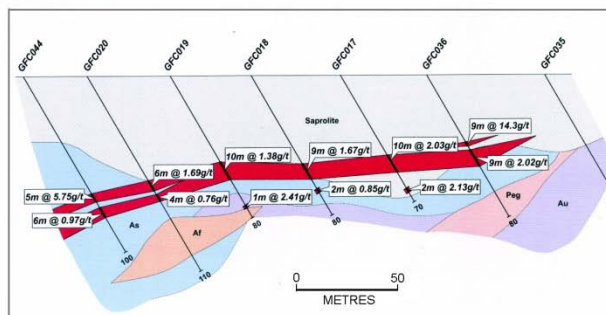
GIBRALTAR PIT SECTION 4740E



DICKSONS PROSPECT SECTION 8700mN



BOURKE PROSPECT SECTION 6000mN



GRIFFIN PROSPECT SECTION 9200mN

PROJECTS FOR FUTURE DEVELOPMENT

A draft six month budget and work plan has been developed that will deliver an updated resource to help plan a bankable feasibility study on the Bullabulling project and to define a list of new prioritised exploration targets that will increase the resource base to allow the project to grow in the future. The strategy is to access high grade ore and low cost surface ore early to allow rapid payback of the capital investment. It is planned that resource drilling to increase the current resource base will start during the six month period.

Klondyke Gold Prospect, NSW (Auzex 100%)

The Klondyke gold prospect (EL6408) is located approximately 50km northeast of Glen Innes in northern New South Wales. Exploration to date has identified two Intrusion Related Gold Deposit (IRGD) targets in the region. The first is at the historic Klondyke Reef mine where high grade, narrow vein (up to 5m) gold mineralisation can be followed up to 900m along strike and has been worked to a

depth of 210m. The second target is for disseminated gold mineralisation associated with an ellipsoidal northwest trending dome-shaped felsic zoned pluton. This target, which is not exposed at surface, is approximately 9km x 2km in size. Previous drilling by Auzex at Seven Hills, 10km to the west of Klondyke, intersected a number of discrete zones of gold mineralisation in greisen, including 13m at 8.55 g/t Au, 8m at 2.80 g/t Au, 11m @ 2.05g/t Au and 5m at 3.54 g/t Au.

Drill hole KDRC10-05, targeting the Zoned Pluton, commenced on 31 January 2010. The drill hole was planned to intersect prospective felsic core granite near the interpreted centre of the doubly plunging zoned pluton. The original target depth (100m vertical) was extended to +150m as the target granite was not intersected. The hole was abandoned on 17 February 2010 at 138m with 57m of rod/hammer unable to be salvaged. The last 15m of samples remain to be assayed. The assay results from the top 123m of the hole returned significantly anomalous gold up to 50 ppb Au in granite that should have no elevated gold values. The anomalous gold may be sourced from the underlying target granite, which is interpreted to host the greisen associated gold mineralisation at Seven Hills and Klondyke. Three holes from the drilling at the Klondyke prospect and the bottom 15m of the zoned pluton hole have yet to be assayed.

Khartoum tin project, NQ (Auzex 100%)

As part of the Hillgrove JV a series of -2mm soils collected and held over from programs conducted over the Right Bower and Excelsior prospects in 2008 were analysed for base metals (Cu, Pb, Zn, Ni) and tin. Tin results from the Right Bower prospect map a sinuous 2.5km east trending zone of plus 200 ppm Sn in soil associated with Hodgkinson Formation sandstones near the faulted contact with the Carboniferous Giblets Granite. A group of NE and NW trending linear greisens have been mapped in the area that appear to be the source of the soil anomaly. Tin results also map a coherent 1.4km x 1km anomalous zone (up to max 1,151ppm Sn) at the Excelsior prospect coincident with several small abandoned hardrock tin mines.

Lyell gold project, NZ (Auzex 58%)

Initial drilling at the highly prospective Lyell gold project (EP40 732) in New Zealand is being planned for the coming field season. Discussions with the Department of Conservation (DoC) regarding approval for a six hole program are progressing. This program will test the coincident gold-arsenic soil geochemical anomaly, which extends over a length of 3000m with a width of 200m. Historic production from the Alpine United mine, which is located in the southern portion of the anomalous soil geochemistry, was 96,500oz gold.

For further information please check our website (www.auzex.com) or contact John Lawton (Managing Director) or Greg or Partington (Operations Director) on +617 3333 2722 or +614 4870 0987 respectively.

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Lawton who is a full-time employee of the Company and Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience which 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.