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FULLY FRANK

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Goose that laid golden egg

WHERE would you begin to look for a couple of million ounces of gold?

Well, it might seem obvious but a place where they have already found a lot is not a bad place to start.

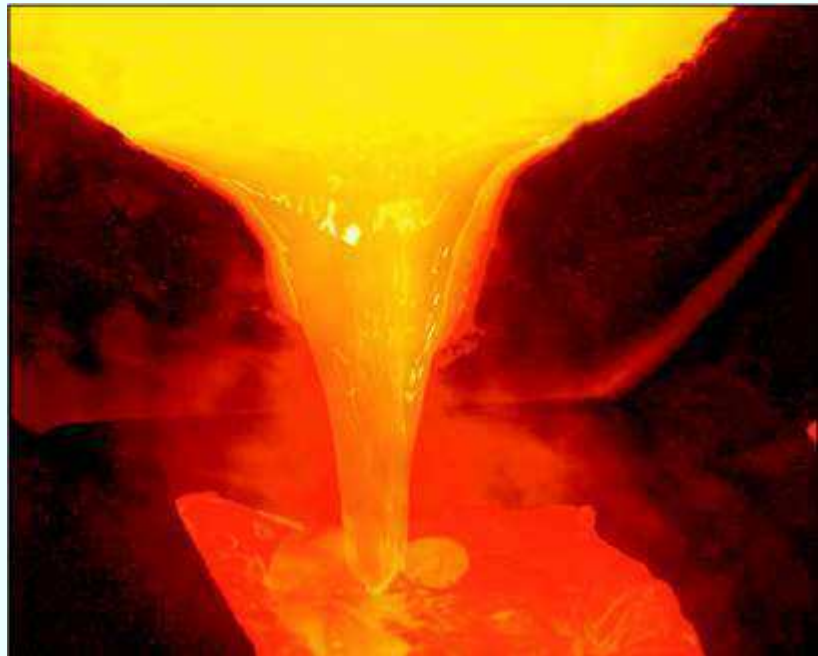
It has certainly worked out that way for Auzex Resources, which yesterday upgraded the inferred gold resource at its half-owned Bullabulling gold project in Western Australia's Coolgardie goldfields to an impressive 1.98 million ounces.

That is a massive rise on the previous resource of 431,600 ounces — which has raised some eyebrows — but there are several reasons why the amount could rise further.

While additional drilling is needed to upgrade the joint ore reserve committee resource category from inferred to measured/indicated, some conservative assumptions point to the possibility that the amount of gold could go up rather than down.

The first is that of the 30km mineralised shear zone over which Auzex has tenements, the current numbers only refer to a 6km area which has been extensively drilled and mined by previous owner Resolute Mining.

Auzex managing director John Lawton now believes Resolute's shallow open pits that produced 371,474 ounces missed the primary gold mineralisation and that the rest of the shear zone could be a happy hunting ground.



Golden dreams: Auzex pins its hopes on Bullabulling.

Combining new, deeper drilling with modern computer analysis of 400km of previous drilling has substantially increased understanding of the area's geology and the chances of finding more gold

Also, conservative assumptions on average grade (1.5grams per tonne) and a high cut-off grade of 0.7g/t could also boost the amount of gold

due to better processing methods and historic assay methods that frequently understated gold levels.

For example, simply raising the cut-off grade to 0.5g/t would upgrade the amount of gold to 2.6 million ounces.

Auzex Resources shares jumped 32 per cent or 4.5¢ a share to close at 18.5¢ yesterday.