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ASX RELEASE

Bullabulling Gold Project: Feasibility Drilling Program to commence in October

A Program of Works (POW) application has been submitted to the West Australian Department of Mines and Petroleum seeking approval to commence a detailed drilling program at Bullabulling.

Work to be undertaken includes a 5,000 metre QAQC drilling program to allow the upgrading of the recent inferred resource estimation completed by consultants (see 16 August 2010 ASX:AZX announcement) to measured and indicated resource categories, a 12,000 metre infill drilling program to expand the known resource estimate, and 1,200 metres of diamond drill core within the primary zone for metallurgical test work. Most of this drilling will be located in the southern portion of the 6km long Bullabulling Trend, between Bacchus and Phoenix pits.

Drilling is expected to commence in late October 2010 and will signify the beginning of the feasibility study for the project. A comprehensive program and budget for the feasibility is being formulated over the coming weeks and will be announced when finalised.

The reported JORC compliant mineral resource is 41,517,000 tonnes @ 1.48 g/t Au for 1.98 million ounces of gold at a 0.7 g/t Au cut off to an assumed economic mining depth of 315m RL, approximately 120m depth (the mineral resource excludes all historic production and does not include historic surface dumps that contain approximately 12,000 ounces of gold in the indicated mineral resource category).

Bullabulling Mineral Resource (August 2010)

Mineral Resource estimate	Cut Off (g/t Au)	Class	Tonnes	Gold grade g/t	Contained Ounces
August 2010	0.7	Inferred	41,517,000	1.5	1,982,000

Note: The resource is quoted for blocks with a grade of greater than 0.7 g/t and above the 315 RL which approximates to 120m depth below surface. Differences may occur due to rounding

The scoping study of the economics of the project suggests that the project may be sensitive to grade, recovery and processing costs. This means that it is critical for the historical drilling assay results to be confirmed. This may require several stages of twinning drillholes depending on results. The resource consultants, therefore, completed a review of the drill spacing by using the historic grade control data from mining at Bacchus and Phoenix pits. The data were compiled and geostatistically analysed to confirm the required drill spacing for measured and indicated resource categories. The recommended drill spacing are summarised below with recommended distances between collars in north-south and east-west orientations.

Deposit	Orientation	Measured Category Distance	Indicated Category Distance
Bacchus	North South	30 to 40m	40 to 100
	East West	20 to 25m	25 to 45m
Phoenix	North South	30 to 50m	50 to 70m
	East West	20 to 35m	35 to 45m

Recommended drill spacing derived from a geostatistical analysis of grade control drilling

The recently reported mineral resource was classified as inferred due to a lack of QAQC data on some of the historic drill holes. To check the historic assay results, each major historical drilling campaign will be checked by geological domain, especially weathering profile, with about 1000-1500 samples required from each domain. Two complete fences of drilling across the shear zone have also been recommended to confirm the continuity of grade, geology and estimate the pegmatite distribution so it can be compensated for in the model outputs. The planned QAQC program will allow areas with high density historic drilling to be upgraded to indicated and measured categories by twinning historic RC drill holes. Some of the twinned holes will be

extended at depth to intersect the eastern footwall lodes that are interpreted to dip underneath the historic pits. The remaining areas will require infill drilling to convert the inferred resources to measured and indicated.

The high grade intersections beneath the Bacchus North pit (see table below) have also been targeted for infill drilling. If continuity of these high grade intercepts can be shown to exist during the planned drilling program, then this could add significantly to the current resource, which is only reported to a nominal depth of 120 metres. The initial program should consist of about 4,000 meters, which if successful will be followed by 6,000 meters of infill drilling to a spacing of 20 by 40m.

Hole No.	Northing	Easting	Dip	From (m)	To (m)	Intersection
BDC008	11636	8659	-60E	151	158	7m @77.0g/t Au
BDD001	11632	8653	-50E	148	153	5m @14.0g/t Au
BSC272	11630	8710	-60E	149	153	4m @ 5.1g/t Au
BULRC03	11615	8664	-55E	148	151	3m @ 4.4g/t Au
BULRC04	11615	8660	-70E	155	158	3m @9.2 g/t Au
BKC0003	12075	8817	-60E	148	156	8m @ 23.2g/t Au
BKC0003	12075	8817	-60E	162	166	4m @ 6.0 g/t Au

The number and quality of bulk density measurements are also insufficient for upgrading the current resource category. Consequently a number of new bulk density measurements are required from each weathering domain at different depths to improve this database, with particular emphasis on primary ore. This work is also planned at the same time as the drilling using samples from the recent diamond drilling, open cut pits and the new metallurgical drilling.

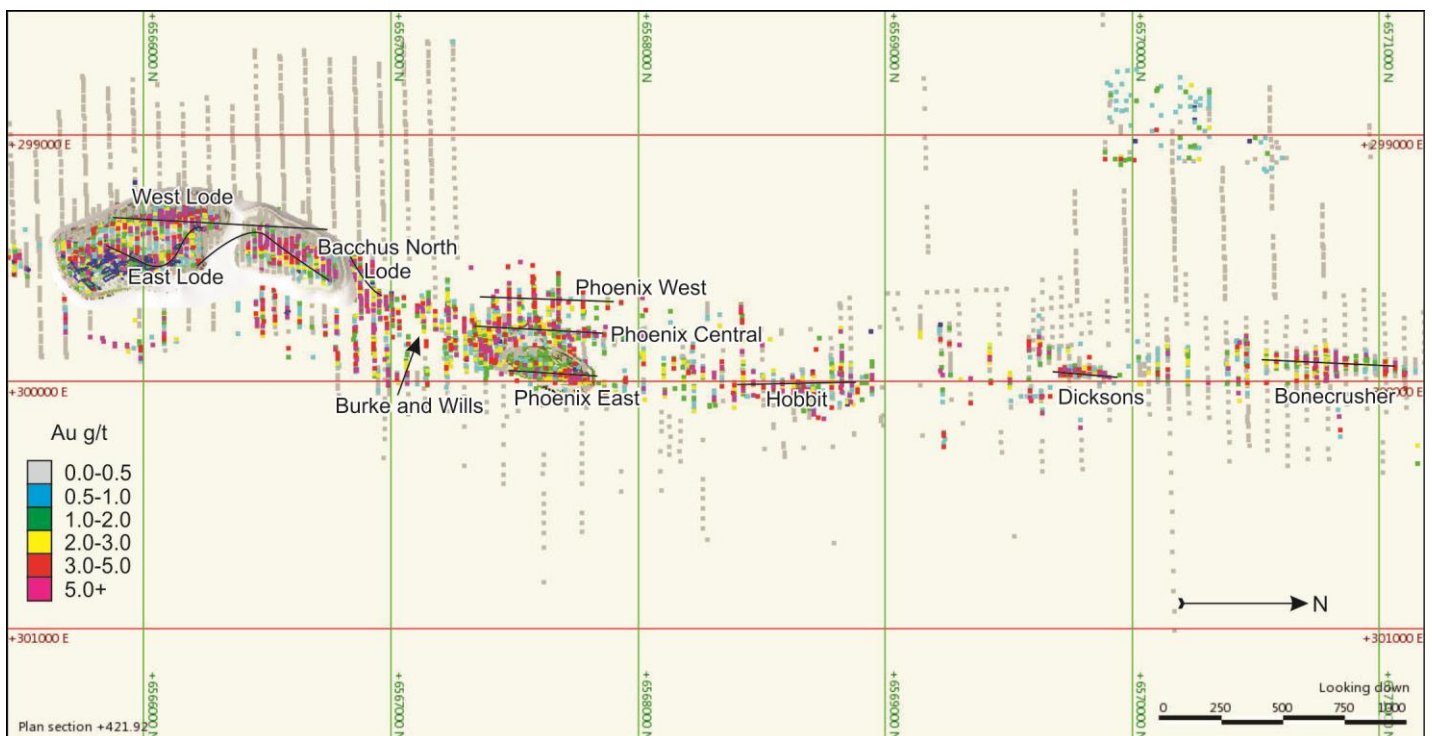
Work is continuing on the feasibility review and scoping study that will provide information on mining costs, treatment costs, cut off grade and the scale of the operation to be used in the coming feasibility study. Preliminary optimisations have now been completed using an A\$1,200 gold price, a 3 million TPA processing rate and processing costs similar to comparable operating mines, such as the Edna May project (Southern Cross belt) which has very similar characteristics to the Bullabulling project including processing scale, geology and grade. The pit shells from these

optimisations provided the required information on where follow up work needs to be planned for the QAQC and infill drilling.

The drilling and metallurgical test work will start once the program of works has been approved by the Department of mines and Energy. This is expected to be in four to six weeks time with initial results from the drilling expected in late October and the metallurgical test results by the end of the year. The current inferred resource will be upgraded once the QAQC results have been analysed and a new resource model estimated to include the new infill drilling results. The new resource is expected to include mineralisation below the current inferred resource.

For further information please check our website (www.auzex.com) or contact John Lawton (Managing Director) or Greg Partington (Operations Director) on +617 3333 2822 and +6144800987 respectively.

The Bullabulling Gold Trend



Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources and 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 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.