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ASX RELEASE

Bullabulling Gold Project – Resource Drilling Update

Highlights

- Assays from the first 11 drillholes of 36 completed to date indicate significant mineralisation intersected in all holes.
- Mineralisation has been intersected beneath the current resource model 120m depth cut off.
- Higher grade zones intersected to date include 11m at 2.92g/t gold from 79m and 9m at 6.85g/t gold from 98m.
- Bulk density measurements of different types of gold mineralisation (laterite, supergene and primary) indicate additional resource tonnage.
- The mineralised structure is 500m wide consisting of multiple west dipping low grade stacked zones with narrower higher grade gold mineralisation.
- The plan to deliver an updated and upgraded resource and initial reserve for the Bullabulling Gold Project at the end of March 2011 is on track.

Managing Director John Lawton commented: *“Resource drilling to date is consistent with the current modelling for the Bullabulling Gold Project and the continuity of the mineralised zones below the current base of 120m depth has been confirmed. The program, which is anticipated to finish in late January 2011, and planned to infill the current resource over the 2.5km between Bacchus and Phoenix pits, is on track to provide an updated resource and initial reserve by the end of March 2011.”*

The 18,000m resource and 275m metallurgical drilling programs at the Bullabulling Gold Project are well underway and drill production is reaching optimum levels. Three drill rigs are currently operating at the Project with two RC rigs working on resource drilling and one diamond rig collecting samples for metallurgical testwork.

The drilling is progressing as planned and the work plan to deliver an updated and upgraded resource estimate and maiden JORC compliant reserve for Bullabulling in late March remains on track.

The main aim of the drilling is to compare results from the historic drilling with the aim of improving the confidence in the historical assays to allow the current inferred resource to be reclassified to indicated and measured categories, and in turn enable initial JORC compliant reserves to be established for the project. The current 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.

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

Drill production for the two RC drill rigs to date is 4,834m from 36 holes (Table 1), including four pre-collars, over 28 days averaging 173m per shift. Drilling has focussed on infill drilling to the east of the Bacchus and Phoenix pits, testing the limits of the resource to the east and following up high grade intersections in historic drilling beneath the Bacchus North pit.

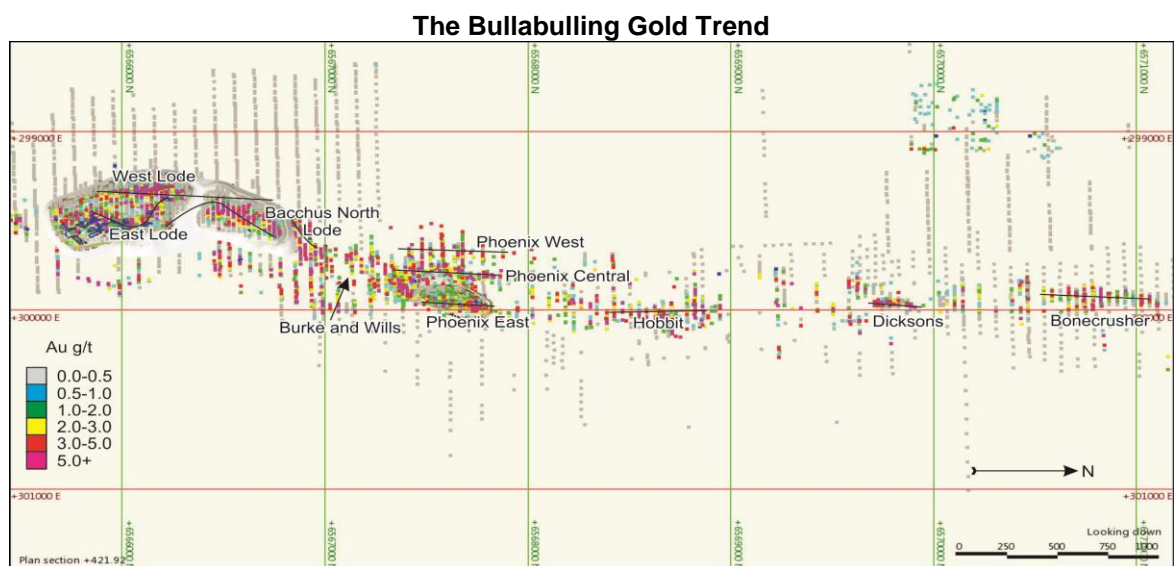
A total of 4,401 samples have been submitted for assay from the start of the program (3,844 routine, 370 standards and blanks and 187 duplicates). Assays have been received for 11 of the 36 holes drilled to date. Every hole drilled to date has intersected significant mineralisation (Table 2) that is similar to the historic drilling and intersections compare well with the current resource model. Typically multiple intersections of mineralisation are present and as expected the drilling has intersected a large number of low grade zones of mineralisation that correspond to an interpreted series of westerly dipping stacked lodes within a mineralised structure that is 500m wide. Narrow higher grade zones of mineralisation that are discontinuous along strike continue to be intersected by the drilling including 11m at 2.92 g/t from 79m in BJ0009 and 9m at 6.85 g/t Au from 98m in BJ0011. The five holes drilled into the interpreted zone of high grade mineralisation 200m below the Bacchus North pit intersected low grade mineralisation similar to that intersected up dip beneath the current pits. The high grade mineralisation in this part of the deposit appears to be discontinuous along strike and down dip and does not appear to form a continuous high grade ore shoot. A number of holes have intersected gold mineralisation beneath the current depth of the resource model, which has been reported to 315 RL or approximately 120m below surface, and these are expected to add to the current resource base of the project. Routine NITON XRF assays are being collected to help with logging lithology and mineralised horizons with weekly anomalous copper associated with the gold mineralisation and elevated Ni and Cr associated with ultramafic lithologies.

The program of diamond drilling to collect samples for metallurgical testwork has started, with two holes located in the Phoenix pit drilled from surface to depths of 68.1 and 113.4m (total 119.8m). The remaining three drillholes totalling 150m will be completed shortly. The core will then be logged, photographed and selected 20-25m intervals (300kg) from each

drillhole will be transported to laboratories in Perth before the Christmas break to commence metallurgical testwork.

A scoping design study requirements for the processing plant have been commissioned to run concurrently with the metallurgical testwork. The key outcome of this work is to compare fixed and variable costs at various tonnage throughputs within a 3-5 million tonne per annum (MTPa) range and ultimately recommend a single throughput with an estimate of processing and capital costs for this option. In addition, a sample of the bore water that will be used in the planned plant at Bullabulling is required for the metallurgical testwork. Consequently, a part of the feasibility hydrology program including water sampling will be completed by the end of January.

As reported previously, the number and quality of bulk density measurements of mineralisation were insufficient for upgrading the current resource category. A wet-dry SG determination system has consequently been implemented that has allowed the collection of 167 SG measurements from selected 1m intervals of fresh mineralised and adjacent unmineralised core from the recent diamond drilling program. SGs range from 2.6 to 3.1 in all amphibolite lithologies and average 2.9. The average SG used by CSA Global for primary ore in calculating the resource tonnage was 2.6, which consequently underestimates the tonnes of ore present in the resource model.



The current Inferred Resource estimate will be upgraded to Measured / Indicated categories once the QAQC results have been received, 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.

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.



Exploration personnel sampling and logging RC drill samples at Bullabulling

One of the RC drilling rigs currently operating at Bullabulling

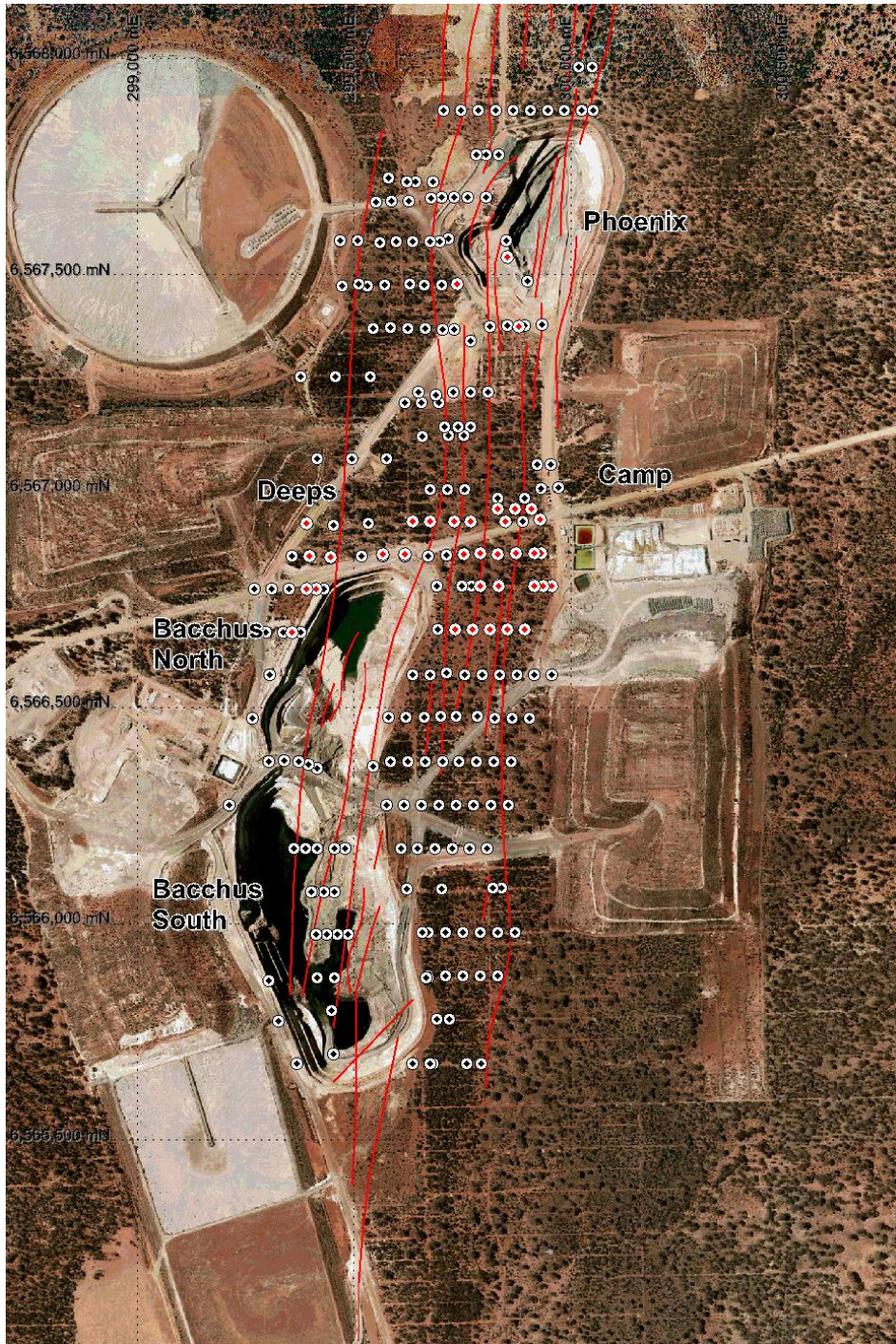


| Hole | Easting | Northing | RL | Dip | Azimuth | Length(m.) | Comment |
|--------|---------|-----------|-------|-------|---------|------------|-----------|
| BJ0008 | 299,355 | 6,566,675 | 431.0 | -50.0 | 90.0 | 246 | Assays |
| BJ0009 | 299,410 | 6,566,775 | 431.0 | -55.0 | 90.0 | 252 | Assays |
| BJ0010 | 299,388 | 6,566,775 | 431.0 | -60.0 | 90.0 | 241 | Assays |
| BJ0011 | 299,445 | 6,566,848 | 431.0 | -60.0 | 90.0 | 241 | Assays |
| BJ0012 | 299,395 | 6,566,850 | 431.0 | -60.0 | 90.0 | 240 | Assays |
| BJ0013 | 299,388 | 6,566,925 | 432.0 | -60.0 | 90.0 | 247 | Assays |
| BJ0014 | 299,931 | 6,566,857 | 431.0 | -60.0 | 90.0 | 79 | Assays |
| BJ0015 | 299,873 | 6,566,857 | 432.0 | -60.0 | 90.0 | 100 | Assays |
| BJ0016 | 299,831 | 6,566,855 | 430.0 | -60.0 | 90.0 | 120 | Assays |
| BJ0017 | 299,791 | 6,566,857 | 430.0 | -60.0 | 90.0 | 139 | Assays |
| BJ0018 | 299,752 | 6,566,855 | 430.0 | -60.0 | 90.0 | 156 | Pending |
| BJ0019 | 299,928 | 6,566,934 | 432.0 | -60.0 | 90.0 | 90 | Pending |
| BJ0020 | 299,617 | 6,566,855 | 432.0 | -60.0 | 90.0 | 80 | Pending |
| BJ0021 | 299,565 | 6,566,855 | 432.0 | -60.0 | 90.0 | 100 | Pending |
| BJ0031 | 299,892 | 6,566,680 | 430.0 | -60.0 | 90.0 | 90 | Pending |
| BJ0032 | 299,852 | 6,566,680 | 430.0 | -60.0 | 90.0 | 115 | Pending |
| BJ0033 | 299,812 | 6,566,680 | 430.0 | -60.0 | 90.0 | 140 | Pending |
| BJ0034 | 299,772 | 6,566,680 | 430.0 | -60.0 | 90.0 | 159 | Pending |
| BJ0035 | 299,732 | 6,566,680 | 430.0 | -60.0 | 90.0 | 180 | Pending |
| BJ0036 | 299,955 | 6,566,780 | 431.0 | -60.0 | 90.0 | 55 | Pending |
| BJ0037 | 299,935 | 6,566,780 | 431.0 | -60.0 | 90.0 | 223 | Pending |
| BJ0038 | 299,915 | 6,566,780 | 431.0 | -60.0 | 90.0 | 79 | Pending |
| BJ0039 | 299,832 | 6,566,780 | 431.0 | -60.0 | 90.0 | 120 | Pending |
| BJ0040 | 299,790 | 6,566,780 | 431.0 | -60.0 | 90.0 | 140 | Pending |
| BJ0041 | 299,848 | 6,566,930 | 432.0 | -60.0 | 90.0 | 127 | Pending |
| BJ0042 | 299,768 | 6,566,930 | 432.0 | -60.0 | 90.0 | 169 | Pending |
| BJ0043 | 299,730 | 6,566,930 | 431.0 | -60.0 | 90.0 | 79 | Pending |
| BJ0044 | 299,675 | 6,566,930 | 431.0 | -60.0 | 90.0 | 103 | Pending |
| BJ0045 | 299,633 | 6,566,930 | 431.0 | -60.0 | 90.0 | 120 | Pending |
| BJ0046 | 299,909 | 6,566,960 | 432.0 | -60.0 | 90.0 | 100 | Pending |
| BJ0047 | 299,870 | 6,566,960 | 432.0 | -60.0 | 90.0 | 120 | Pending |
| BJ0048 | 299,830 | 6,566,960 | 432.0 | -60.0 | 90.0 | 139 | Pending |
| BJM002 | 299,737 | 6,567,480 | 438.0 | -70.0 | 90.0 | 61 | Precollar |
| BJM003 | 299,914 | 6,566,856 | 432.0 | -70.0 | 270.0 | 61 | Precollar |
| BJM004 | 299,880 | 6,567,380 | 439.0 | -90.0 | 90.0 | 55 | Precollar |
| BJM005 | 299,852 | 6,567,542 | 415.0 | -90.0 | 90.0 | 68 | Precollar |

Table 1 Bullabulling Collar information for RC drilling to December 9, 2010

| Hole | From | To | Length | Au g/t | Depth | Includes |
|--------|------|-----|--------|--------|-------|---------------------------------------------------|
| BJ0008 | 57 | 59 | 2 | 0.32 | 37 | |
| BJ0008 | 70 | 74 | 4 | 0.77 | 45 | 1m @ 1.78g/t From 72m |
| BJ0008 | 80 | 91 | 11 | 0.98 | 51 | 1m @ 3.71g/t From 80m and 3m @ 1.14g/t From 87m |
| BJ0008 | 102 | 112 | 10 | 0.73 | 66 | 1m @ 3.54g/t From 111m |
| BJ0008 | 129 | 131 | 2 | 0.37 | 83 | |
| BJ0008 | 201 | 208 | 7 | 0.64 | 129 | 1m @ 2.95g/t From 207m |
| BJ0009 | 79 | 90 | 11 | 2.92 | 45 | 2m @ 9.625g/t From 83m and 1m @ 8.48g/t From 89m |
| BJ0009 | 98 | 103 | 5 | 0.44 | 56 | |
| BJ0009 | 118 | 122 | 4 | 0.57 | 68 | |
| BJ0009 | 136 | 138 | 2 | 0.78 | 78 | |
| BJ0009 | 200 | 202 | 2 | 0.52 | 115 | |
| BJ0009 | 234 | 240 | 6 | 1.07 | 134 | 1m @ 2.40g/t From 239m |
| BJ0009 | 247 | 250 | 3 | 0.57 | 142 | |
| BJ0010 | 75 | 90 | 15 | 0.67 | 38 | 1m @ 3.35g/t From 38m |
| BJ0010 | 96 | 102 | 6 | 0.79 | 48 | 1m @ 3.89g/t From 101m |
| BJ0010 | 217 | 220 | 3 | 1.83 | 109 | 2m @ 2.46g/t From 218m |
| BJ0011 | 57 | 60 | 3 | 1.18 | 29 | |
| BJ0011 | 69 | 74 | 5 | 0.72 | 35 | |
| BJ0011 | 98 | 107 | 9 | 6.85 | 49 | 1m @ 2.12g/t From 99m and 4m @ 14.40g/t From 103m |
| BJ0011 | 113 | 120 | 7 | 0.60 | 57 | |
| BJ0011 | 150 | 155 | 5 | 0.41 | 75 | |
| BJ0011 | 191 | 199 | 8 | 1.21 | 96 | 4m @ 1.78g/t From 195m |
| BJ0011 | 218 | 227 | 9 | 0.51 | 109 | |
| BJ0011 | 233 | 235 | 2 | 0.49 | 117 | |
| BJ0012 | 120 | 126 | 6 | 0.43 | 60 | |
| BJ0012 | 146 | 151 | 5 | 0.34 | 73 | |
| BJ0012 | 184 | 188 | 4 | 0.39 | 92 | |
| BJ0012 | 193 | 196 | 3 | 1.05 | 97 | 1m @ 2.03g/t From 195m |
| BJ0012 | 202 | 227 | 25 | 0.81 | 101 | 3m @ 2.41g/t From 215m and 1m @ 2.62g/t From 219m |
| BJ0013 | 149 | 152 | 3 | 0.74 | 75 | |
| BJ0013 | 203 | 205 | 2 | 1.10 | 102 | |
| BJ0013 | 225 | 227 | 2 | 0.43 | 113 | |
| BJ0014 | 37 | 40 | 3 | 0.45 | 19 | |
| BJ0014 | 52 | 60 | 8 | 0.67 | 26 | |
| BJ0014 | 62 | 64 | 2 | 0.40 | 31 | |
| BJ0015 | 38 | 64 | 26 | 0.64 | 19 | 1m @ 3.89g/t From 38m and 2m @ 1.37g/t From 43m |
| BJ0015 | 71 | 85 | 14 | 0.81 | 36 | 4m @ 1.63g/t From 76m and 2m @ 3.34g/t From 73m |
| BJ0016 | 36 | 38 | 2 | 0.95 | 18 | |
| BJ0016 | 47 | 53 | 6 | 0.31 | 24 | |
| BJ0016 | 62 | 68 | 6 | 0.48 | 31 | |
| BJ0016 | 73 | 76 | 3 | 2.33 | 37 | |
| BJ0016 | 82 | 101 | 19 | 1.30 | 41 | 4m @ 1.63g/t From 89m and 2m @ 1.54g/t From 97m |
| BJ0017 | 1 | 6 | 5 | 2.17 | 1 | 3m @ 3.39g/t From 1m |
| BJ0017 | 16 | 21 | 5 | 0.83 | 8 | 1m @ 2.46g/t From 16m |
| BJ0017 | 33 | 34 | 1 | 10.40 | 17 | |
| BJ0017 | 70 | 87 | 17 | 0.59 | 35 | 1m @ 3.41g/t From 70m |
| BJ0017 | 104 | 108 | 4 | 0.82 | 52 | |
| BJ0017 | 110 | 115 | 5 | 0.47 | 55 | |
| BJ0018 | 38 | 44 | 6 | 0.54 | 19 | |
| BJ0018 | 70 | 73 | 3 | 0.34 | 35 | |
| BJ0018 | 96 | 98 | 2 | 0.80 | 48 | |
| BJ0018 | 119 | 121 | 2 | 0.38 | 60 | |
| BJ0018 | 122 | 126 | 4 | 0.31 | 61 | |

Table 2: Intersection summary from drill assays received to December 9, 201



Drill plan showing the location of QAQC and infill drilling in the main resource areas and holes targeting the high grade mineralisation in the Bacchus Deeps area. Red filled drill collar symbols are completed holes and black filled drill collar symbols are planned holes.