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Unit 441 Skyline Apartments
30 Macrossan Street
Brisbane Qld 4000 Australia
GPO Box 3249
Brisbane Qld 4001 Australia
Tel +61 7 3333 2722
Email: enquiries@auzex.com
www.auzex.com

ASX RELEASE

Bullabulling Gold Project – Resource Drilling Update

Highlights

- **56 new drill holes totalling 7,595m have been completed in January, bringing the overall drilling total to 14,518m in 115 drill holes since commencement**
- **Results continue to confirm and expand the current resource model**
- **Approximately 80% of mineralised intersections within the resource model returned similar or better grades and/or widths than expected**
- **Approximately a quarter of reported mineralised sections are outside the current resource model**
- **Highlights include 18m at 4.37g/t from 53m, 12m at 1.94g/t from 62m, 4m at 3.30g/t from 42m, and 5m at 8.20g/t from 23m**
- **Metallurgical test work indicates primary mineralisation is not hard or abrasive, a positive for lower process costs**
- **Modelling of potential processing and plant capital costs assuming a base case production rate of 5.0 million tonnes per year, have commenced**
- **The drilling program has been extended by 7,000m to over 24,000m to infill new mineralisation outside (and to the east of) the current resource model**
- **Resource upgrade and maiden reserve now planned for completion in May**

The Bullabulling Gold Project RC drilling program recommenced on 06 January 2011, following a short recess for the Christmas – New Year period. Activities have focussed on infill resource drilling, reviewing QAQC results, review of drill spacing requirements to upgrade the new resource estimate and metallurgical test work.

Drilling results continue to improve the confidence in the current resource model and consequently the historic data that were used to estimate the resource model. Importantly a number of new zones of mineralisation have been intersected outside the resource model both below and along strike from known mineralisation. New intersections not reported previously include 7m at 1.44 g/t Au from 64m in BJ0041, 18m at 4.37 g/t Au from 53m in BJ0057, 18m at 1.10 g/t Au from 92m in BJ0058, 5m at 1.45 g/t Au from 117m in BJ0058, 5m at 2.10 g/t Au from 147m in BJ0063, 12m at 1.07 g/t Au from 36m in BJ0067, 12m at 1.08 g/t Au from 87m in BJ0071, 11m at 1.15 g/t Au from 12m in BJ0074, 6m at 1.73 g/t Au from 99m in BJ0077, 12m at 1.94 g/t Au from 62m in BJ0079, 4m at 3.30 g/t Au from 42m in BJ0084, 5m at 8.20 g/t Au from 23m in BJ0085, 7m at 1.64 g/t Au from 36m in BJ0085, 16m at 1.09 g/t Au from 44m in BJ0091, 6m at 1.41 g/t Au from 99m in BJ0092, 10m at 1.16 g/t Au from 26m in BJ0093 and 6m at 1.41 g/t Au from 156m in BJ0095.

Only 1 hole of the 115 holes drilled to date has failed to intersect mineralisation and this was predicted by the resource model. The majority of holes are returning intersections similar to those predicted by the resource model and about a quarter are intersecting new mineralisation not currently taken account of by the resource model.

Additional drilling is now planned to infill the new mineralisation with the aim of including these zones in the new resource estimate to an Indicated Resource category. This drilling will total approximately 7,000m, which will add an extra month to the drilling program. This means the finalisation of the resource and reserve estimation is expected in late May.

The metallurgical test work is ahead of schedule and is on track to be finalised by mid-March. Preliminary resource modelling has now started with database validation and geostatistical analysis expected to be completed shortly.

Commenting on the results, Auzex Managing Director John Lawton said “We are delighted with the results to date which confirm a bulk tonnage low grade deposit with high grade sections. The new zones of mineralisation that have been intersected have encouraged us to extend the current drilling program to further increase our resource estimate and maiden reserve. The resource upgrade and maiden reserve are now planned to be delivered in May 2011. The preliminary metallurgical test work results are highly encouraging with the host rock softer and less abrasive than first expected, which is a positive for lower processing costs”.

About Bullabulling

The Bullabulling Gold project is a large tonnage, low grade deposit with high grade shoots, associated with the regional Bullabulling shear zone which extends over tens of kilometres. The current program focuses on approximately 2.3km of the 6km portion known as the Bullabulling Trend where previous operations were concentrated. The focus for the Bullabulling joint venture with GGG Resources plc is to establish an initial reserve exceeding one million ounces gold to commence production in 2013. Mineralisation is open in all directions, and it is planned to follow up new exploration targets once the current program is completed.

Resource Drilling

A key aim of the resource drilling program 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 below surface.

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

Total production to date is 14,518m from 115 holes since the program commenced, including pre-collars for the metallurgical test work sampling. Since recommencement of drilling in early January 2011, 56 holes totalling 7,595m have been completed to 01 February 2011 (Table 1). Drilling during the period focussed on Titan, south and north of Phoenix, Bacchus South and reconnaissance drilling at Bonecrusher, which is located at the northern end of the Bullabulling mineralised trend (Figures 1 and 2).

All the 56 new holes drilled where results are available have intersected mineralisation that is similar in grade and widths to the historic drilling (Table 2). On average, there are 4 intersections per hole relating to the multiple stacked lodes defined by the structural mapping and these have been compared to the resource block model to assess the validity of the reported resource. Approximately 80% of these intersections returned similar or better grades or widths of mineralisation to the resource model. Of these, approximately 26% have better grades or widths than predicted by the resource model, and approximately 21% of intersections returned widths

lower than predicted by the model. The remaining intersections (approximately 22%) are new zones of mineralisation outside the current resource model (previously reported to 315 RL or approximately 120m below surface), which will add to the current resource base of the project.

Resource Estimation

The project geological consultants (Snowden Group) continue to work on the new resource and reserve estimate and are continuously reviewing drilling results as they become available in relation to QAQC and drill spacing requirements to upgrade the current resource to Indicated and Measured categories. The drilling QAQC Standard Operating Procedures (SOP's) have been reviewed following a site visit and the QAQC twinning of historic drill holes has been modified to infilling between holes rather than exact twinning of these holes. The QAQC part of the program has consequently been redesigned to infill down-dip of holes originally planned for twinning. A review of the standards, blanks and duplicate samples to date has also been completed. While a high number of the Quality Assurance Quality Control (QAQC) samples are within the expected range of gold content, several batches of results have some inconsistencies and these have been resubmitted.

A geostatistical review of the results to date suggest that a drill spacing of 50 metres between sections along strike is required to classify any resources as Indicated. Most of the area that is being targeted for the initial one million ounce reserve is covered with a drill spacing of 50m or less. However, the number of new intersections that lie outside the current resource model at depth and to the east mean that additional drilling is required to infill these areas to the required drill spacing, consisting of 6,645m in total, which will extend the program to mid-March.

Metallurgy Test Work

The recent review study included an assessment of historical metallurgy and processing costs and highlighted that processing costs are a critical variable in the economics of the Project. Although recoveries typically exceeded 90% and there does not appear to be any refractory gold within the deposit, the economics of the project and mining of the ore zones are sensitive to cut off grade. Also as the bulk of the resource upgrade has come from transitional and fresh material at depth, and the majority of ore processed historically came from oxide ore, a new metallurgical program is currently in progress to determine the metallurgical characteristics of fresh ore to the necessary level of compliance. Gravity gold recovery will also form part of the program due to the anticipated coarser gold in the plant feed, particularly within fresh ore.

Metallurgical core collected from the recent diamond drilling program has been logged, photographed, with selected 20-25m intervals (300kg) from each drill hole delivered to the laboratory in Perth. The core has now been reviewed and various samples selected for

comminution, gold recovery and variability test work. Results will be fully reported on completion in March. Composite samples of drill core have been selected with grades from 0.7 g/t – 1.5 g/t Au for recovery and metallurgical variability test work. Consultant engineers are currently reviewing the data and have started modelling potential processing and plant capital costs, assuming a base case plant capacity of 5.0 mtpa. Preliminary crushing, mill and plant design work will also be carried out. This information will then be used to optimise plant throughput, and define operating and capital costs for the planned reserve estimation.

Future Work Plan

The total number of meters originally planned to complete first and second pass drilling over the targeted 2.5 kilometer strike of the Bullabulling Trend was 17,495m in 128 drillholes. An extension of this program was approved by the Joint Venture management committee which adds a further 6,645m (47 holes) focusing on in-fill drilling the new zones of mineralization that have been intersected outside of the current resource model. The additional drilling phase is expected to cost approximately \$750,000 and extend the program completion date by a month. This means we expect to report a resource increase and upgrade, together with a maiden reserve estimate in May.

Preliminary resource modelling has now started with database validation and geostatistical analysis expected to be completed in the next two weeks. The current Inferred Resource estimate 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.

The metallurgical test work is ahead of schedule and is on track to be finalised in March with most of the comminution test work completed.

For further information please check our website (www.auzex.com) or contact John Lawton (Managing Director) or Greg Partington (Operations Director) on +617 3333 2722 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". The latest August 2010 Mineral Resource estimate was completed under the overall supervision and direction of Steven Hodgson, MAIG, of CSA Global who is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). John Lawton and Steven Hodgson consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The Bullabulling Gold Trend

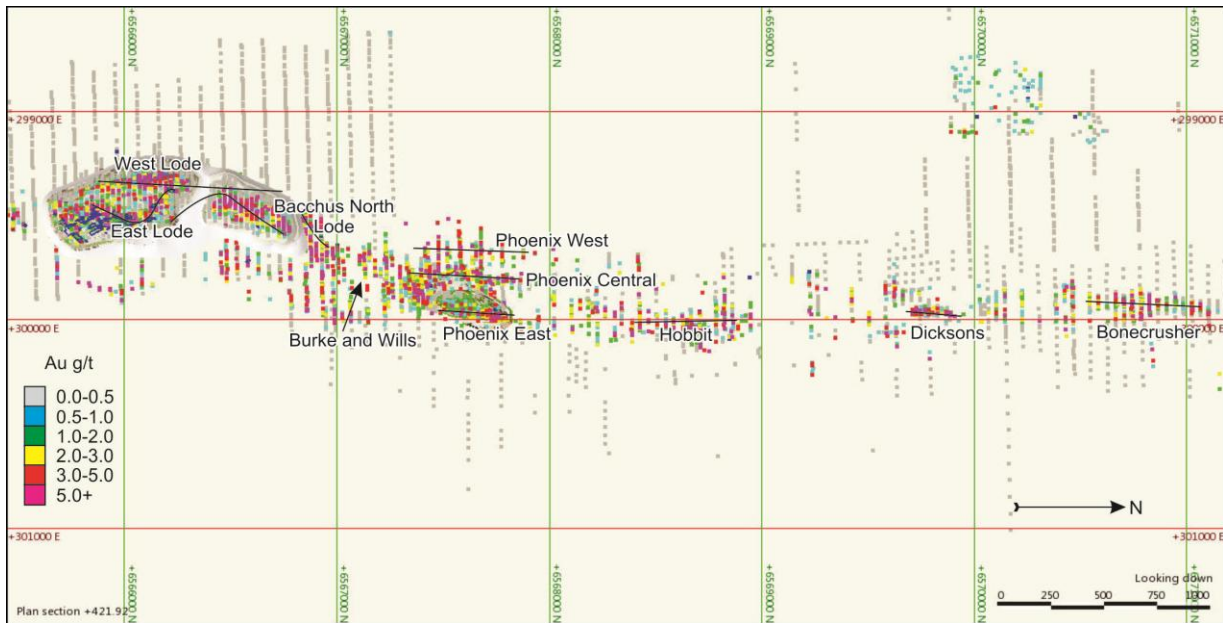


Table 1: Bullabulling Collar data for RC drilling completed between 06 January and 01 February 2011

Hole	Easting	Northing	RL	Dip	AZ	Length	Comment
BJ0057	299857	6567380	439	-60	90	109	Mineralised
BJ0058	299813	6567381	438	-60	90	130	Mineralised
BJ0060	299731	6567375	437	-60	90	181	Mineralised
BJ0063	299618	6567200	433	-60	90	169	Mineralised
BJ0065	299770	6567228	434	-60	90	121	Mineralised
BJ0066	299728	6567230	434	-60	90	139	Mineralised
BJ0067	299689	6567227	434	-60	90	193	Mineralised
BJ0068	299650	6567225	433	-60	90	181	Mineralised
BJ0069	299804	6567680	444	-60	90	121	Mineralised
BJ0070	299760	6567680	443	-60	90	79	Mineralised
BJ0071	299703	6567374	437	-60	90	121	Mineralised
BJ0072	299663	6567375	435	-60	90	139	Mineralised
BJ0073	299623	6567376	435	-60	90	163	Mineralised
BJ0074	299734	6567477	438	-60	90	169	Mineralised
BJ0075	299700	6567477	437	-60	90	109	Mineralised
BJ0076	299660	6567477	437	-60	90	139	Results pending
BJ0077	299628	6567478	437	-60	90	157	Mineralised
BJ0078	299570	6567477	437	-60	90	199	Mineralised
BJ0079	299717	6567583	440	-60	90	115	Mineralised
BJ0080	299697	6567577	440	-60	90	127	Mineralised
BJ0081	299673	6567577	440	-60	90	139	Results pending
BJ0082	299634	6567577	439	-60	90	163	Results pending
BJ0083	299596	6567578	438	-60	90	181	Results pending
BJ0084	299453	6566175	372	-60	90	121	Mineralised

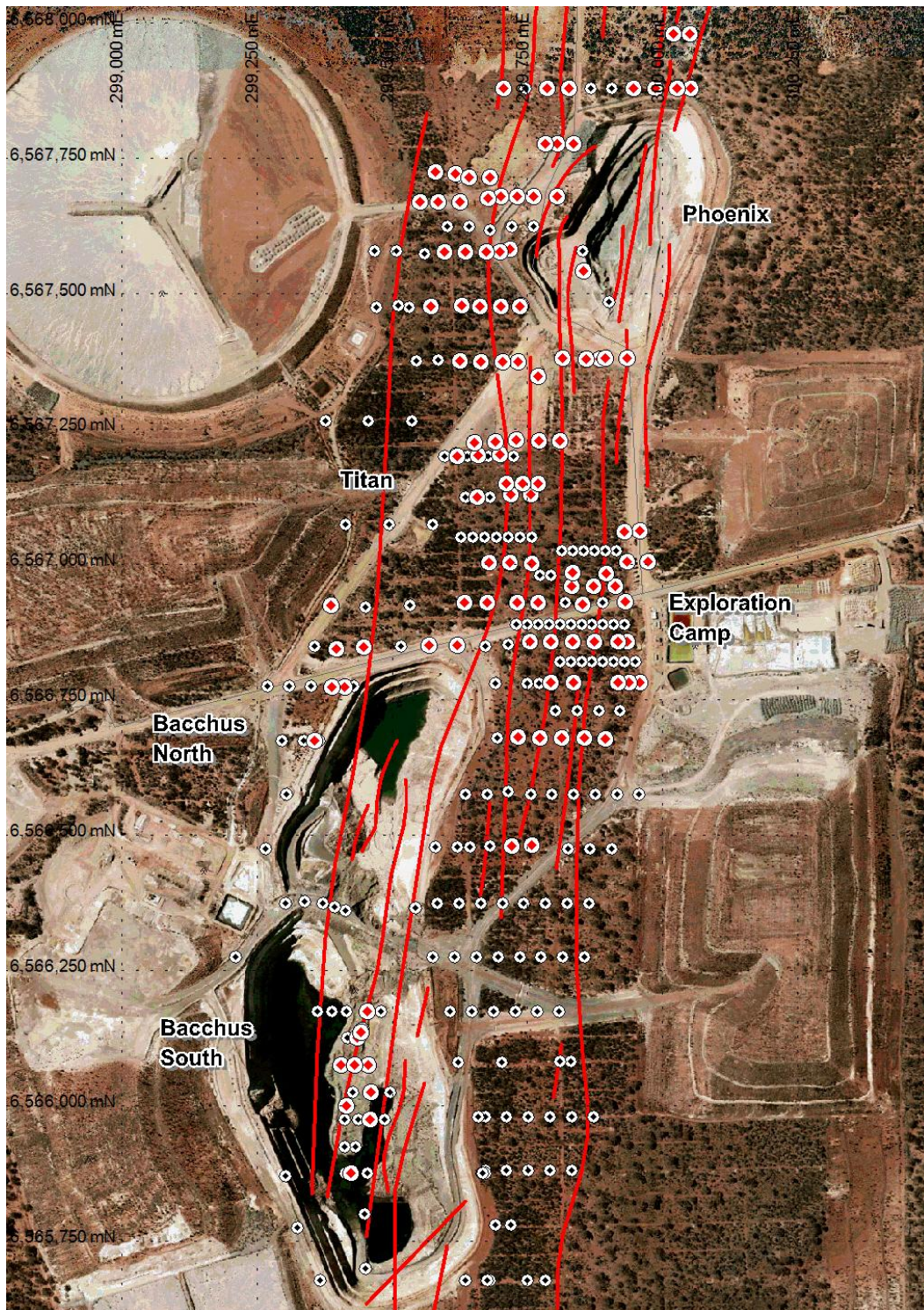
Hole	Easting	Northing	RL	Dip	AZ	Length	Comment
BJ0085	299434	6566125	374	-60	90	127	Mineralised
BJ0086	299404	6566075	372	-60	90	133	Results pending
BJ0087	299460	6566025	372	-60	90	133	Mineralised
BJ0088	299457	6565975	372	-60	90	115	Mineralised
BJ0089	299422	6565875	367	-60	90	145	Results pending
BJ0090	299454	6566075	372	-60	90	115	Results pending
BJ0091	299730	6567680	443	-60	90	103	Mineralised
BJ0092	299700	6567680	441	-60	90	121	Mineralised
BJ0093	299676	6567677	440	-60	90	128	Mineralised
BJ0094	299624	6567670	440	-60	90	160	Mineralised
BJ0095	299584	6567670	440	-60	90	181	Mineralised
BJ0096	299550	6567670	440	-60	90	205	Mineralised
BJ0097	299680	6567716	441	-60	90	127	Results pending
BJ0098	299640	6567716	438	-60	90	145	Results pending
BJ0099	299615	6567722	439	-60	90	157	Results pending
BJ0100	299579	6567725	440	-60	90	181	Results pending
BJ0101	299833	6567778	444	-60	90	157	Results pending
BJ0102	299803	6567778	444	-60	90	61	Results pending
BJ0103	299781	6567778	443	-60	90	70	Results pending
BJ0104	300050	6567880	444	-60	90	43	Results pending
BJ0105	300025	6567880	444	-60	90	49	Results pending
BJ0106	299985	6567880	444	-60	90	79	Results pending
BJ0107	299945	6567880	446	-60	90	109	Results pending
BJ0108	299825	6567880	445	-60	90	49	Results pending
BJ0109	299785	6567880	443	-60	90	67	Results pending
BJ0111	299705	6567880	444	-60	90	109	Results pending
BJ0112	300048	6567980	448	-60	90	79	Results pending
BJ0113	300018	6567980	428	-60	90	97	Results pending
BJ0114	299864	6570782	434	-60	90	187	Results pending
BJ0121	299429	6566075	372	-60	90	127	Results pending
BJ0122	299757	6566481	481	-60	90	121	Results pending
BJ0123	299719	6566480	428	-60	90	121	Results pending

Table 2: Intersection summary from drill assays between 24 December 2010 and 01 February 2011

Hole	From	To	Width	Au g/t	Includes	Comment
BJ0041	40	42	2	0.36		New
BJ0041	44	46	2	0.97		New
BJ0041	56	58	2	0.35		New
BJ0041	64	71	7	1.44	1m @ 7.30g/t From 64m	New
BJ0041	83	95	12	0.92		New
BJ0057	42	45	3	0.47		New
BJ0057	53	71	18	4.37	2m @ 36.26g/t From 61m	New
BJ0057	76	85	9	0.54		New
BJ0057	101	104	3	0.80		New
BJ0058	34	53	19	0.48		New
BJ0058	92	110	18	1.10		New
BJ0058	117	122	5	1.45	1m @ 5.42g/t From 117m	New
BJ0060	23	25	2	0.64		New
BJ0060	63	70	7	0.61		New
BJ0060	78	84	6	0.85		New
BJ0060	122	128	6	0.41		New
BJ0060	133	139	6	0.56		New
BJ0060	142	144	2	0.41		New
BJ0060	156	161	5	0.32		New
BJ0063	60	62	2	0.48		New
BJ0063	68	75	7	1.08		New
BJ0063	84	88	4	0.43		New
BJ0063	94	104	10	0.52		New
BJ0063	125	127	2	2.89	1m @ 5.37g/t From 126m	New
BJ0063	130	133	3	0.34		New
BJ0063	138	142	4	0.65		New
BJ0063	147	152	5	2.10	3m @ 3.21g/t From 147m	New
BJ0065	29	32	3	0.55		New
BJ0065	36	40	4	0.42		New
BJ0065	48	59	11	0.46		New
BJ0065	85	92	7	0.65		New
BJ0065	98	101	3	0.32		New
BJ0066	26	31	5	0.66		New
BJ0066	55	57	2	0.46		New
BJ0066	98	102	4	0.36		New
BJ0066	103	105	2	0.37		New
BJ0066	107	109	2	0.65		New
BJ0067	36	48	12	1.07	1m @ 7.07g/t From 46m	New
BJ0067	82	84	2	0.69		New
BJ0067	148	152	4	0.89		New
BJ0067	169	183	14	0.83	1m @ 3.97g/t From 177m	New
BJ0068	0	3	3	0.32		New
BJ0068	59	66	7	0.69		New

Hole	From	To	Width	Au g/t	Includes	Comment
BJ0068	72	77	5	0.73		New
BJ0068	92	95	3	0.77		New
BJ0068	103	107	4	0.61		New
BJ0068	119	122	3	0.50		New
BJ0068	129	134	5	0.55		New
BJ0068	173	175	2	1.29		New
BJ0068	178	180	2	0.32		New
BJ0069	26	48	22	0.91	3m @ 2.39g/t From 34m, 1m @ 5.80g/t From 46m	New
BJ0069	98	120	22	0.73		New
BJ0070	41	65	24	0.47		New
BJ0071	37	45	8	0.46		New
BJ0071	49	53	4	0.40		New
BJ0071	63	66	3	0.46		New
BJ0071	74	77	3	0.78		New
BJ0071	87	99	12	1.08	3m @ 2.16g/t From 96m	New
BJ0071	101	103	2	0.36		New
BJ0072	36	50	14	0.56		New
BJ0072	79	94	15	0.90		New
BJ0072	100	102	2	1.40		New
BJ0073	59	76	17	0.96	2m @ 3.14g/t From 60m	New
BJ0073	111	117	6	0.58		New
BJ0073	126	128	2	0.63		New
BJ0073	133	138	5	0.81		New
BJ0074	12	23	11	1.15	1m @ 6.58g/t From 12m	New
BJ0074	26	29	3	0.39		New
BJ0074	31	44	13	0.61		New
BJ0074	53	55	2	0.50		New
BJ0074	75	79	4	1.65		New
BJ0074	99	102	3	0.42		New
BJ0074	116	121	5	0.31		New
BJ0074	138	146	8	0.63		New
BJ0075	14	16	2	0.39		New
BJ0075	29	43	14	0.66		New
BJ0077	55	63	8	0.88		New
BJ0077	74	81	7	0.62		New
BJ0077	99	105	6	1.73	2m @ 3.73g/t From 99m	New
BJ0077	113	128	15	0.72		New
BJ0078	88	90	2	0.45		New
BJ0078	94	101	7	0.76		New
BJ0078	142	161	19	0.72	1m @ 3.29g/t From 154m	New
BJ0078	175	189	14	0.70		New
BJ0079	21	25	4	0.48		New
BJ0079	50	57	7	0.34		New

Hole	From	To	Width	Au g/t	Includes	Comment
BJ0079	62	74	12	1.94	4m @ 3.17g/t From 64m, 4m @ 2.17g/t From 69m	New
BJ0079	93	97	4	0.81		New
BJ0080	9	11	2	0.68		New
BJ0080	31	35	4	0.35		New
BJ0084	31	33	2	1.37		New
BJ0084	42	46	4	3.30	1m @ 11.80g/t From 42m	New
BJ0084	95	100	5	0.65		New
BJ0085	0	2	2	0.75		New
BJ0085	6	14	8	0.75	1m @ 3.34g/t From 13m	New
BJ0085	23	28	5	8.20	2m @ 14.62g/t From 23m, 2m @ 5.67g/t From 26m	New
BJ0085	36	43	7	1.64	2m @ 4.40g/t From 36m	New
BJ0087	125	127	2	1.18		New
BJ0088	1	3	2	0.80		New
BJ0088	8	12	4	0.40		New
BJ0088	27	35	8	0.95		New
BJ0091	18	21	3	0.61		New
BJ0091	33	36	3	0.57		New
BJ0091	44	60	16	1.09	9m @ 1.65g/t From 45m	New
BJ0091	76	78	2	0.46		New
BJ0092	16	27	11	0.99		New
BJ0092	33	35	2	0.43		New
BJ0092	71	75	4	0.32		New
BJ0092	87	93	6	1.41	2m @ 3.58g/t From 87m	New
BJ0093	26	36	10	1.16	2m @ 3.43g/t From 26m	New
BJ0093	78	83	5	0.69		New
BJ0093	101	103	2	0.40		New
BJ0093	104	108	4	0.74		New
BJ0094	0	2	2	0.68		New
BJ0094	55	61	6	1.24		New
BJ0095	58	60	2	0.43		New
BJ0095	68	84	16	0.76	1m @ 8.08g/t From 68m, 3m @ 2.40g/t From 75m	New
BJ0095	119	121	2	0.40		New
BJ0095	123	126	3	0.75		New
BJ0095	156	162	6	1.41	1m @ 6.52g/t From 156m	New
BJ0096	84	92	8	0.82		New
BJ0096	97	99	2	0.92		New
BJ0096	145	147	2	0.94		New
BJ0096	149	151	2	0.37		New
BJ0096	156	158	2	0.38		New
BJ0096	163	172	9	0.53		New



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.