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ASX RELEASE

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Lyell Gold Project NZ – Diamond Drilling Program Commences

A diamond drilling program has commenced at the Lyell Gold Project in New Zealand targeting a 3000m long gold soil anomaly associated with the Alpine United and Leader historic gold mines. The aim of the program is to determine whether zones of low grade gold mineralisation (2 -3 g/t Au) occur as shallow halo mineralisation associated with alteration around previously mined narrower high grade quartz lodes (average 17 g/t Au), and to explore for new repetitions of the high grade lodes at depth.

John Lawton, Managing Director comments **“The potential for discovery of significant gold mineralisation at Lyell associated with a 3000m long gold-arsenic soil anomaly is very good. The Lyell Goldfield produced 96,500oz gold from ore with an average grade of 17g/t gold in underground operations during the late 19th century, and there has been a notable lack of exploration since that time. Auzex considers there is potential for a larger halo of lower grade 2-3 g/t gold mineralisation which may be amenable to open cut mining, in a similar manner to the current mining operation at Globe Progress, near Reefton, which is geologically comparable with the Lyell. Results from soil sampling identified highly encouraging spot assays including 39.4g/t Au and 10.0 g/t Au”.** ¹

The Lyell permit area covers the northern extension of the mesothermal Reefton Goldfield that has historically produced 2.1M ounces of gold and now has new discoveries (Globe Progress) in production. The style of disseminated gold mineralisation associated with quartz veins that is being mined at the Reefton Goldfield, also has the potential to be present in the Lyell Goldfield and is the target for this drilling program. Gold bearing quartz lodes have been worked at Lyell over a strike length of 5km and historic production from the Alpine United and Leader mines in the area of the soil anomaly was 96,500oz gold.

¹ There has been insufficient exploration undertaken to define a Mineral Resource, and is uncertain if further exploration will result in the determination of a Mineral Resource.

Auzex recently collected a total of 511 soil samples from the Lyell gold prospect and analysed for a range of elements with gold and arsenic returning significant values. The results of the soil sampling were highly encouraging with five assays over 1.00g/t Au and spot assays of 39.4g/t Au and 10.05g/t Au. The gold is also associated with high arsenic values up to 6,750ppm As, suggesting the anomalous gold is related to bed rock mineralisation, similar to that found at Reefton. This was confirmed by surface mapping that identified a continuous zone of gold and arsenic soil anomalism extending from Irishmans Creek to Eight Mile Creek over a 1.8km strike length. The soil anomaly straddles the interpreted trace of the anticline axis that hosts the historical Alpine gold quartz reefs and is associated with quartz vein stock work that have been mapped over a 200m wide zone. The soil anomaly is open along strike particularly to the north.

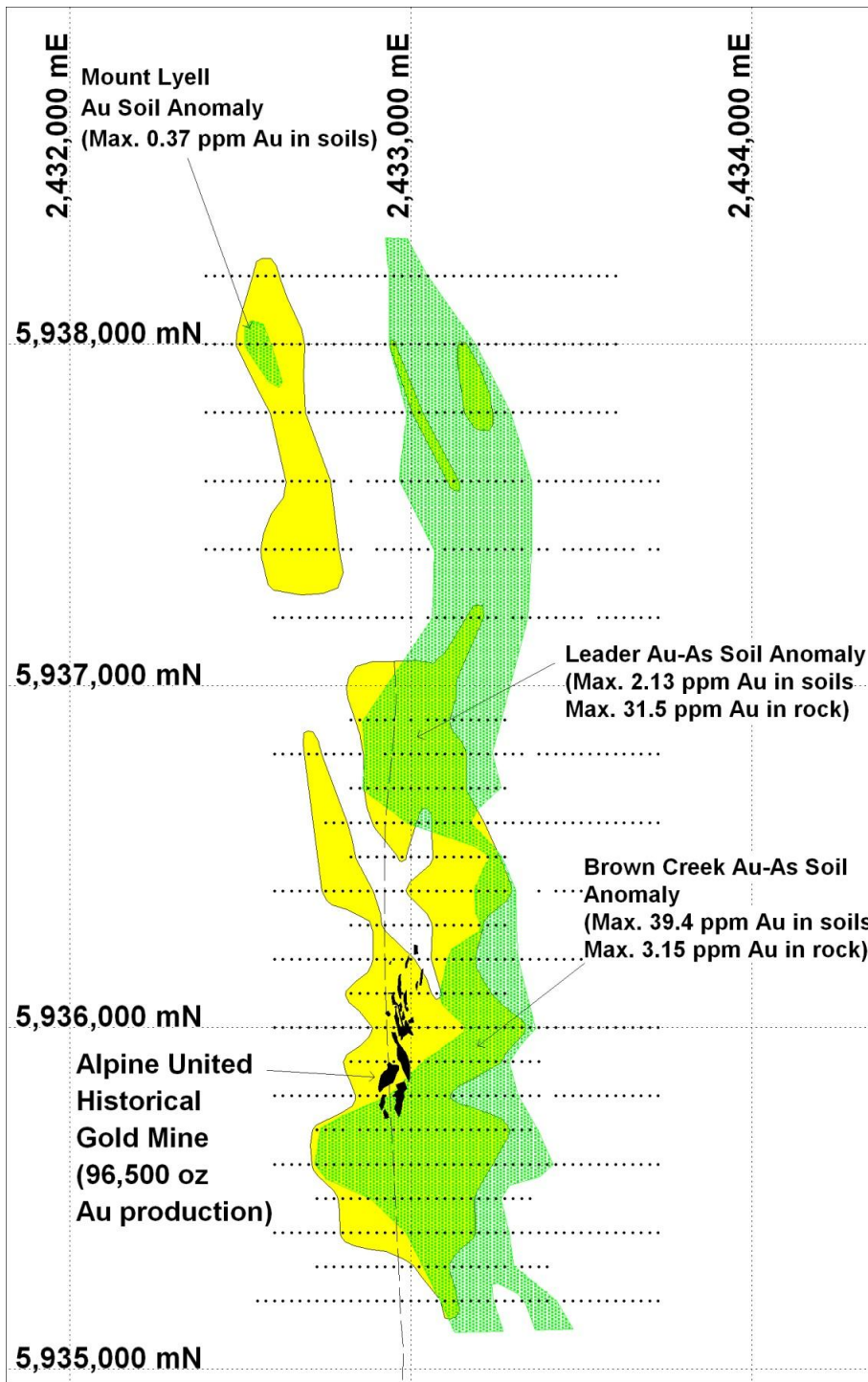
Eight diamond drillholes are planned totalling 1,000m; details and targeting strategy for each hole is given in the table below. The drilling will provide detailed structural information related to grade and allow detailed geological data to be collected from beneath the soil anomaly that is about 1200m wide and mostly tree covered. The cost of the program is approximately \$0.5m.

The first hole to be drilled is in Area A, ARD1. This area provides the best chance for a repetition of an Alpine style high grade vein. There is good geological evidence to suggest that this hole may intersect a new mineralised quartz reef based on its location along the anticline that hosts mineralisation at the Alpine United mine, the presence of quartz float and the proximity to historic workings where high grade (>60 g/t Au) quartz leaders and reef were reported. Following ARD1 the rig will remain on the same platform and be manually rotated 180⁰ to drill ARD2. The platform site is ideally located to drill ARD2 to test the Leader Au soil anomaly in a region where it is assumed the Maruia adit intersected mineralised quartz reef. The full program is expected to be completed in June with initial assays from ARD1 expected from mid April.

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

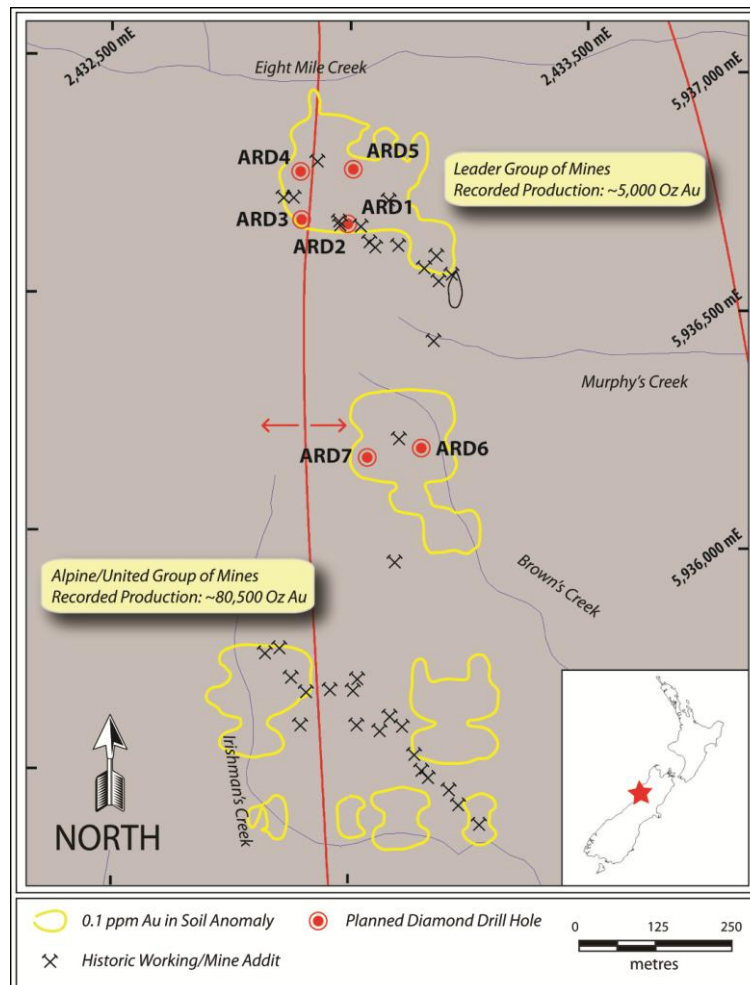
The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by John Lawton who is a full-time employee of the Company and Member of The Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant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



Gold (yellow) and arsenic (green) soil geochemistry at Lyell

Drill hole details for the proposed drilling program at Lyell

Hole No.	Easting	Northing	RL	EOH	Azimuth	Dip	Target
ARD1	2433000	5936646	691	120	270	-60	Alpine shear/reef, locating shear and mineralisation
ARD2	2433000	5936646	691	150	90	-60	drilled off ARD1 pad, testing Leader soil anomaly and Maruia Adit leaders
ARD3	2432900	5936650	689	120	90	-60	Scissor, Targeting Alpine shear/reef for testing true widths of intersects in ARD1
ARD4	2432900	5936750	601	120	90	-60	Targeting alpine shear/reef
ARD5	2433009	5936757	609	120	270	-60	Scissor hole to ARD4, could become step back/down plunge hole
ARD6	2433154	5936175	630	120	270	-60	testing assumed reefs/Browns Ck Soil Anomaly
ARD7	2433040	5936156	697	150	90	-60	testing assumed reefs/Browns Ck Soil Anomaly (scissor)
ARD8	2432575	5938000	1070	100	270	-60	testing NW splay, drilled W under Mt Lyell Au soil anomaly



Location of planned holes in relation to historic workings that produced 90,000 ounces of gold, main soil anomalies and controlling structures