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ASX RELEASE

Bullabulling Gold Project: Drill spacing study confirms excellent continuity of gold mineralisation

Highlights

- The JV partners have agreed with geological consultants the required drill spacing to define JORC indicated resources.
- Highly positive results received from a detailed geostatistical review of the drill spacing required to define Indicated resources.
- Indicated JORC spacing is set at 75m north-south by 35m east-west.
- Confirms Bullabulling mineralised zones as unusually continuous and readily predictable.
- Phase 2 infill drilling now underway will be completed using the wider drill spacing with 25,000+m completed.
- Less than 45,000 metres of infill drilling are now required to convert the resource at the Bullabulling Gold Project to the Indicated category, approximately half the amount previously reported.
- The Infill drilling program will now cost significantly less and take less time to complete - releasing drill rigs to accelerate the exploration program.
- The substantial historic drilling data acquired on acquisition has now been significantly duplicated and will now only be used as a supplement to future JORC estimates.
- The updated JORC estimate is in the process of being finalised and release is imminent.

The Joint Venture is pleased to announce that after a geostatistical review of the new drill data from the Bullabulling Gold Project that the drill density required to classify the resource estimate into the Indicated category has been increased to 75m north-south and 35m east-west. The widening of the drill spacing will reduce both the timeline and cost to complete the current infill drilling program along the Bullabulling Trend (exceeding 8km in length) and confirms Bullabulling as consistent and highly predictable mineralisation.

A review of the variography completed by the project's geological consultants and used in the new resource estimate suggested that the recommended drill spacing to define Indicated resources at the Bullabulling Gold Project could be increased from the 50m north-south and 25m east-west spacing. Consequently, a detailed geostatistical study was commissioned using conditional simulation to verify the required drill spacing. This study has been completed and has confirmed that the drill spacing required to classify the resource estimate from the current Inferred category into the Indicated category could be increased to 75m north-south and 35m east-west.

A revised plan and budget has been completed for infill drilling remaining between Gryphon in the south to Bonecrusher in the north, which is a strike length of more than eight kilometres.

There is now less than 45,000m of infill drilling required to convert Inferred resources to Indicated resources, which is about half the total originally reported.

That infill drilling should now be completed by the end of 2011. Drilling from early August to the end of September will be dedicated to drilling of the remaining areas between Bacchus, Titan, Phoenix and Hobbit. Drilling of the Dickson's to Bonecrusher area should be completed by late November. A new resource estimate will be determined once this phase of drilling has been completed.

John Lawton, MD Auzex Resources commented, "This is a highly encouraging result and confirms the understanding of our technical team, that Bullabulling is a very large and highly continuous mineral system. The planned infill drill program has been halved to less than 45,000 metres remaining, as a result of the drill spacing study and will now be completed by November. This outcome will enable the Joint Venture to further accelerate the exciting exploration program along strike of the Bullabulling Trend."

The drill spacing study has delayed the finalising of the classification of the new resource estimate. The new resource estimate is currently being reviewed to reclassify the estimate using the wider drill spacing, which will increase the number of ounces in the Indicated category.

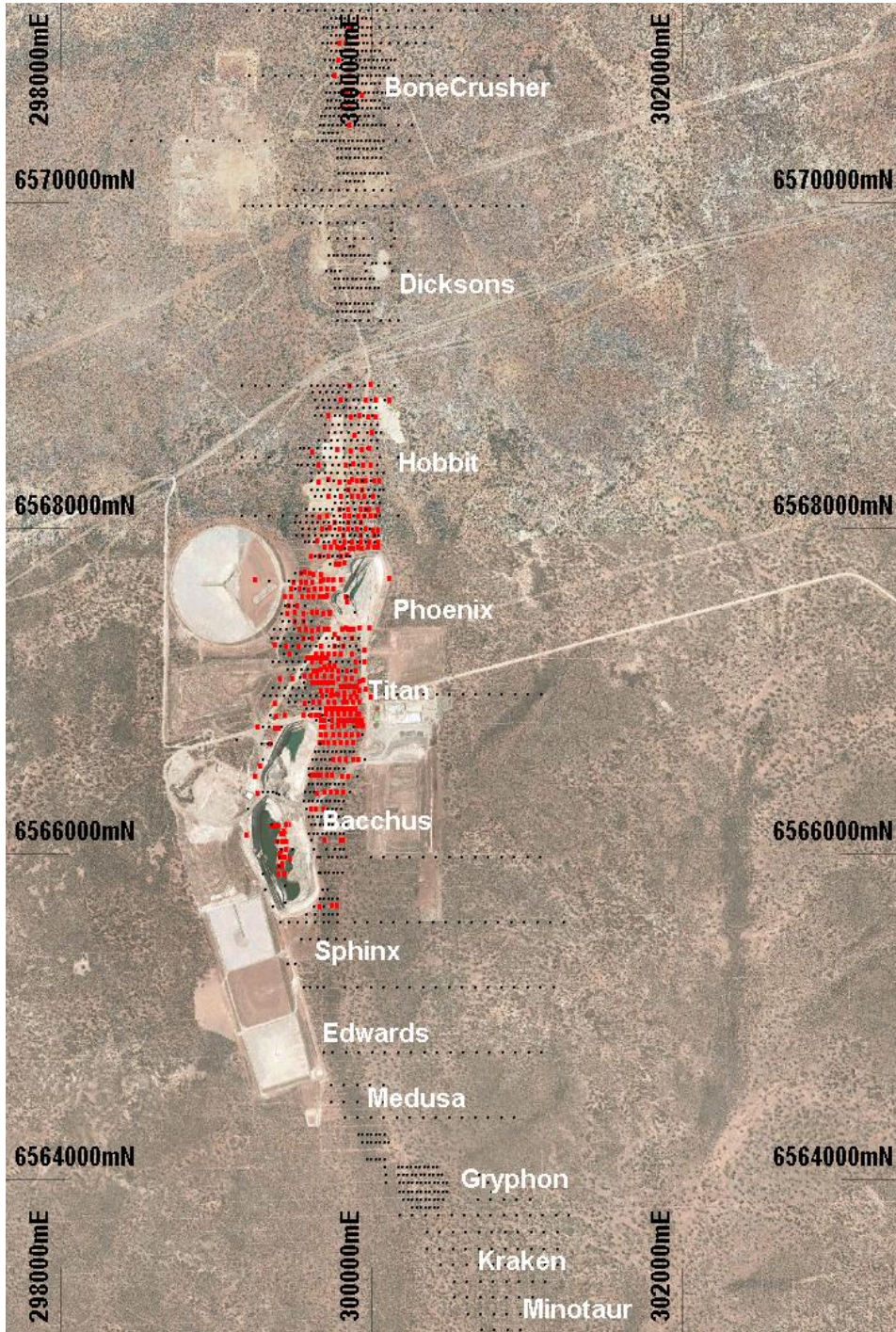
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Competent Person Statement

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 this report of the matters based on the information in the form and context in which it appears.



Bullabulling Gold Project Location Plan