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QUARTERLY REPORT

Three Months Ending 30 September 2010

ASX RELEASE

Highlights

Corporate

- The acquisition of the Bullabulling Gold Project in the Coolgardie Goldfields of Western Australia by the Bullabulling Joint Venture (Auzex Resources Ltd and Central China Goldfields Plc) was finalised with the vendors Jervois Mining Ltd and Goldpride Pty Ltd.
- The Company successfully completed a Placement and Rights Issues raising \$3.7 million before costs, to fund its share of the bankable feasibility study at Bullabulling. The Placement and Rights Issues were oversubscribed.
- Interest is being shown by a number of parties in the Khartoum tin project in north Queensland due to the current high tin price.

Exploration

- The Company announced a significant 450% increase in JORC reported Inferred Resource to 1.98 million ounces gold, based on the existing drillhole database at Bullabulling.
- A diamond drill program of seven drillholes totalling 1,396m along a 2.5km section of the Bullabulling Trend confirmed excellent horizontal and vertical continuity of gold mineralisation.
- Feasibility study drilling commences in early November to convert the August 2010 Inferred Resource estimate to measured/indicated with a program of twinning of existing drillholes.
- Drilling will also test the high grade mineralisation previously intersected below the August 2010 Inferred Resource estimate (approximately 120m – 140m depth) and provide infill drillhole data to establish a new resource estimate for the 3.0km Bacchus – Phoenix section of the Bullabulling Trend.

Corporate

Finalisation and execution of the Sale and Purchase Deed for the acquisition of the Bullabulling Gold Project in the Coolgardie Goldfields from Jervois Mining Ltd (and its wholly owned subsidiary Goldpride Pty Ltd) by Auzex Resources Ltd and Central China Goldfields Plc involving the transfer of security bonds and ministerial approvals, was completed in mid August 2010.

A Placement and Rights Issues to raise up to \$3.7 million to fund the Bullabulling Gold project feasibility study were successfully completed during the quarter. Both the Placement and Rights Issues were over-subscribed. The Rights Issues were extended to allow results from a diamond drilling program and a new JORC resource estimate to be released.

Auzex commenced discussions and negotiations with a number of interested parties regarding farm-in to Auzex projects within eastern Australia. In particular, the Khartoum tin project in north Queensland, which offers considerable potential to become a world class tin deposit, has received much interest because of the current high tin price. In addition, the Kingsgate molybdenum-silica-bismuth project 20km east of Glen Innes in northern New South Wales, and two gold prospects (Klondyke in the New England region of northern New South Wales, and Running Brook in north Queensland) are attractive gold drill targets available for joint venture.

Exploration

Bullabulling Gold Joint Venture, WA (Auzex 50%)

The Bullabulling Gold Project is located approximately 60km southwest of Kalgoorlie in the eastern goldfields of Western Australia. The Project assets when purchased by Auzex included gold resources of 431,000 ounces, mining infrastructure, substantial geological exploration databases and granted Mining Leases. Preliminary geological 3D modelling by the Company confirmed that gold mineralisation at Bullabulling is open in all directions, particularly at depth, where previous resource drilling is limited past a vertical depth of 60m (the average depth of all drilling at Bullabulling is 34m). Auzex considers there is scope for expanding the current resources both between the existing pits and at depth.

Work during the quarter focussed on using the results from the structural study and historic drill hole database to independently estimate a new JORC compliant resource. This work resulted in a new JORC reported Mineral Resource of 41,517,000 tonnes grading 1.5 g/t Au for 1.98 million contained ounces of gold at a 0.7 g/t Au cut off. The resource was estimated to a nominal depth of 315 RL, approximately 120m below surface. This depth has been used as a conservative approximation of mineralisation that is expected to be amenable to open-cut mining operations.

The new Mineral Resource estimate has been restricted predominantly to mineralisation within the Bullabulling Trend and excludes all historic production and does not include historic surface dumps that are reported to contain approximately 12,000 ounces of gold.

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

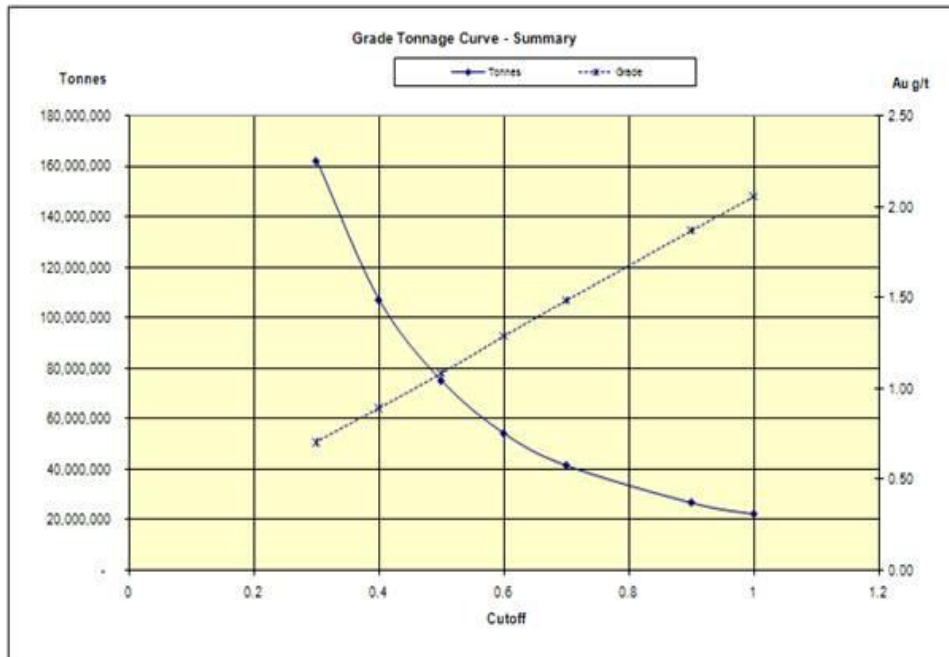
This new Mineral Resource estimation used assays from all the historic drill hole data over a 9 km² area covering the Bullabulling shear zone and utilised the Ordinary Kriged method for interpolation. The Mineral Resource estimate is based on 10,522 drillholes, with approximately half being RC and half being RAB drillholes; it has well defined variography that reconciles with the orientations of mineralised shoots derived from the structural study. The new estimate also reconciles well against historic production. Grade tonnage curves at various cut offs from this estimate confirm that a significant amount of the resource sits between 0.3 and 0.9 g/t Au, consequently it is believed that the project will return the greatest value as a high tonnage low grade bulk mining operation. The Mineral Resource has been classified as Inferred with the potential for some areas with high density historic drilling being upgraded to the Measured and Indicated categories, as soon as possible, by twinning of selected historic reverse circulation (RC) and carrying out infill drilling.

Bullabulling Grade Tonnage Curve, Surface (200 RL) to 120m depth (315 RL)			
Cut-off grade Au g/t	Tonnes	Average Grade Au g/t	Contained Ounces
1.0	22,202,000	2.06	1,468,400
0.9	26,739,000	1.87	1,606,500
0.7	41,517,000	1.48	1,981,600
0.6	54,231,000	1.29	2,245,900
0.5	75,013,000	1.08	2,611,800
0.4	107,094,000	0.89	3,071,800
0.3	162,171,000	0.71	3,683,200

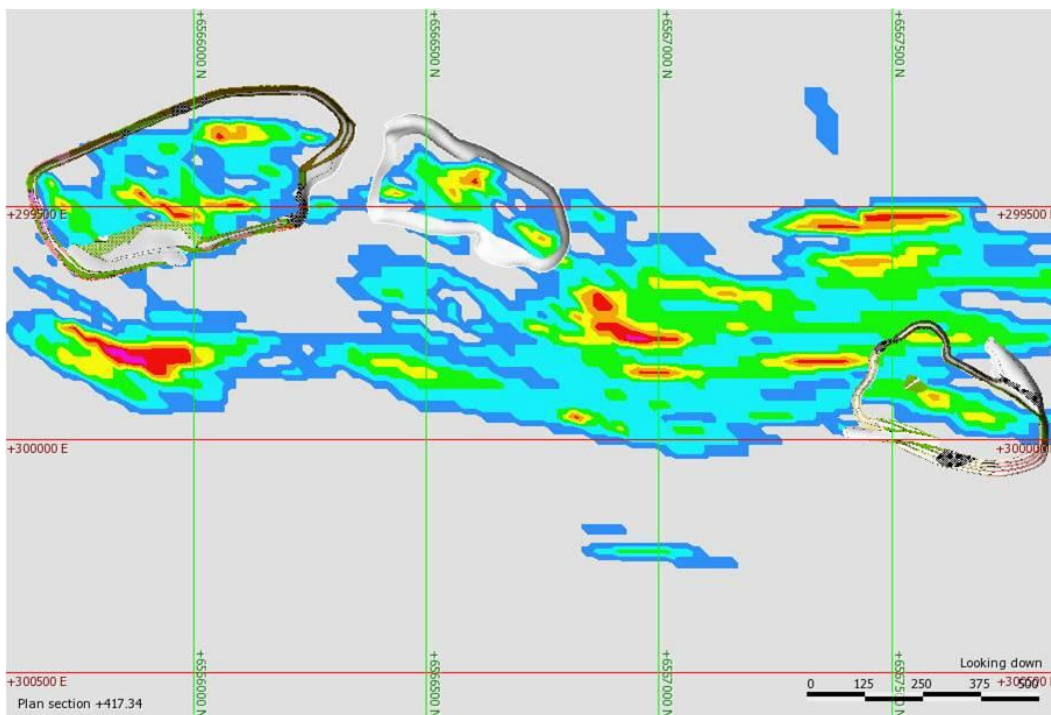
Bullabulling tonnes and average grades were estimated at different cut-off grades for mineralisation less than 120m below surface

A Bullabulling Joint Venture meeting was held in Perth between Auzex and Central China Goldfields (renamed GGG Resources Plc) to review the Bullabulling project scoping study and finalise the work plan and budget for the next phase of development work on the project. A budget

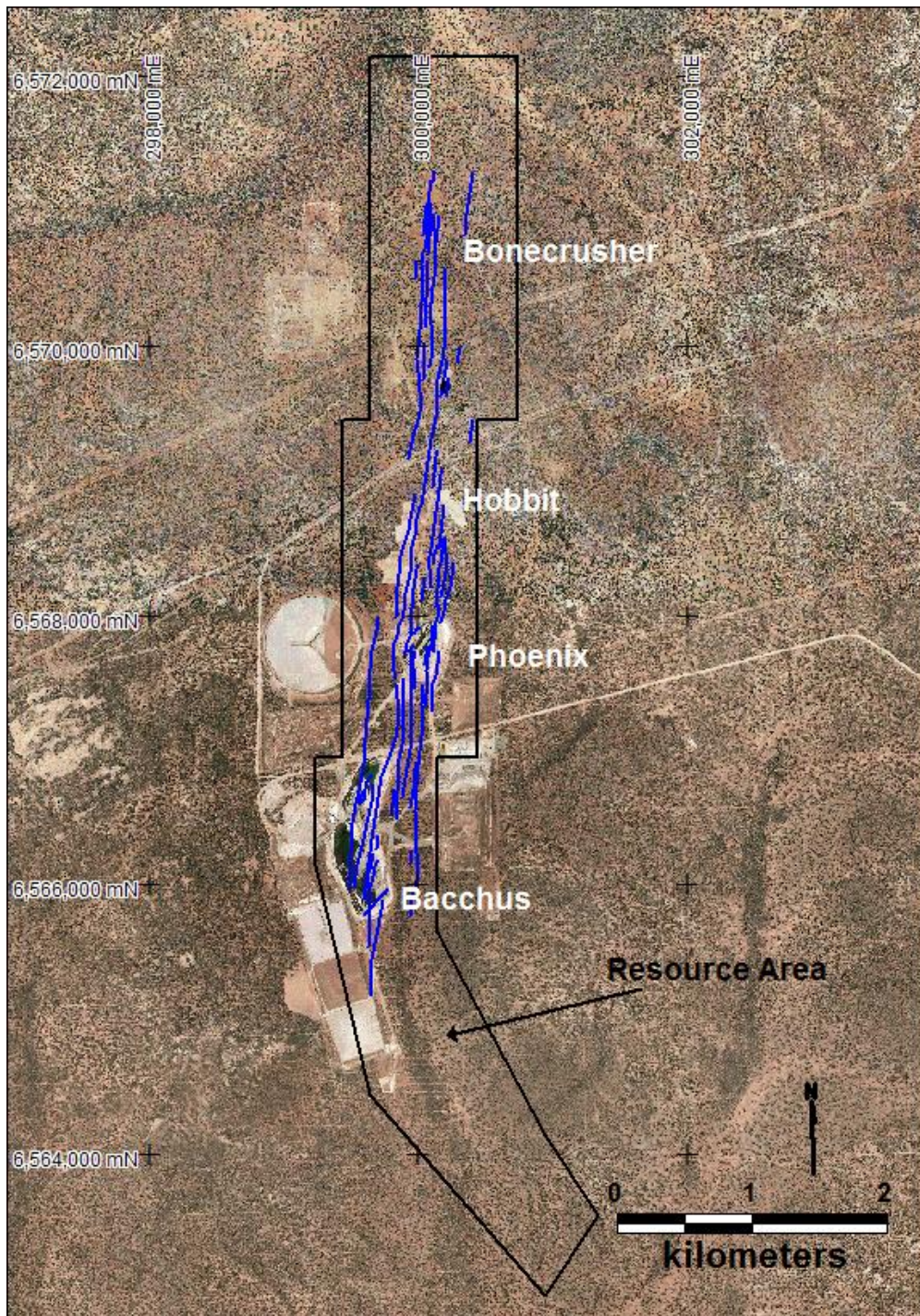
was agreed for follow up QAQC and infill drilling and approval was given to start feasibility work on metallurgical studies to finalise processing costs, gold recoveries and plant design.



Bullabulling Tonnage-Grade Curve constrained to RL 315 (approximately 120m below surface)



Gold mineralisation in relation to current Bacchus and Phoenix pits over 2.5km portion of the Bullabulling Trend : note the gold mineralisation not only occurs between pits but also in the footwall and hanging wall of the current pits. This mineralisation continues along strike for six kilometres and down dip for 250 metres and is open in all directions



The Bullabulling Gold mineral resource area with interpreted trend of mineralization and current open-cut pits

This is the first time that all the historic data have been used to estimate the gold Mineral Resource for the Project. The previous quoted Mineral Resource was confined to the main pit areas and to small laterite and supergene prospects to the north and south and contained an unusually small amount of mineral resource in the inferred category.

A diamond drilling program was completed to test the new resource model and was planned to intersect known mineralisation over a 2.5km portion of the Bullabulling Trend between Bacchus and Phoenix pits. Seven drillholes were budgeted totalling 1,432m, with seven holes completed for

1,396m including 200m of RC pre-collars. Fewer metres were drilled than planned due to the failure of one hole to reach the target depth due to bogged drill rods. The drilling was also designed to provide detailed structural information related to grade and allow detailed geological data to be collected from the hanging wall through to the footwall of the Bullabulling shear zone, which is approximately 500m wide. The drilling continued deeper than the historic drilling to test for new zones of mineralisation. A summary of significant intersections are given in the table of drill results. The drilling, in all but one case, intersected the mineralised zones as predicted. The grade of the intersections is similar to the historic holes, although most also contain narrow high grade zones of mineralisation (6-14 g/t Au). The drilling also intersected a significant number of new zones of mineralisation not predicted by the historic drilling. Most of these are low grade but a number of them contain significant zones of higher grade mineralisation, including an intersection with visible gold of 1m at 37 g/t Au.

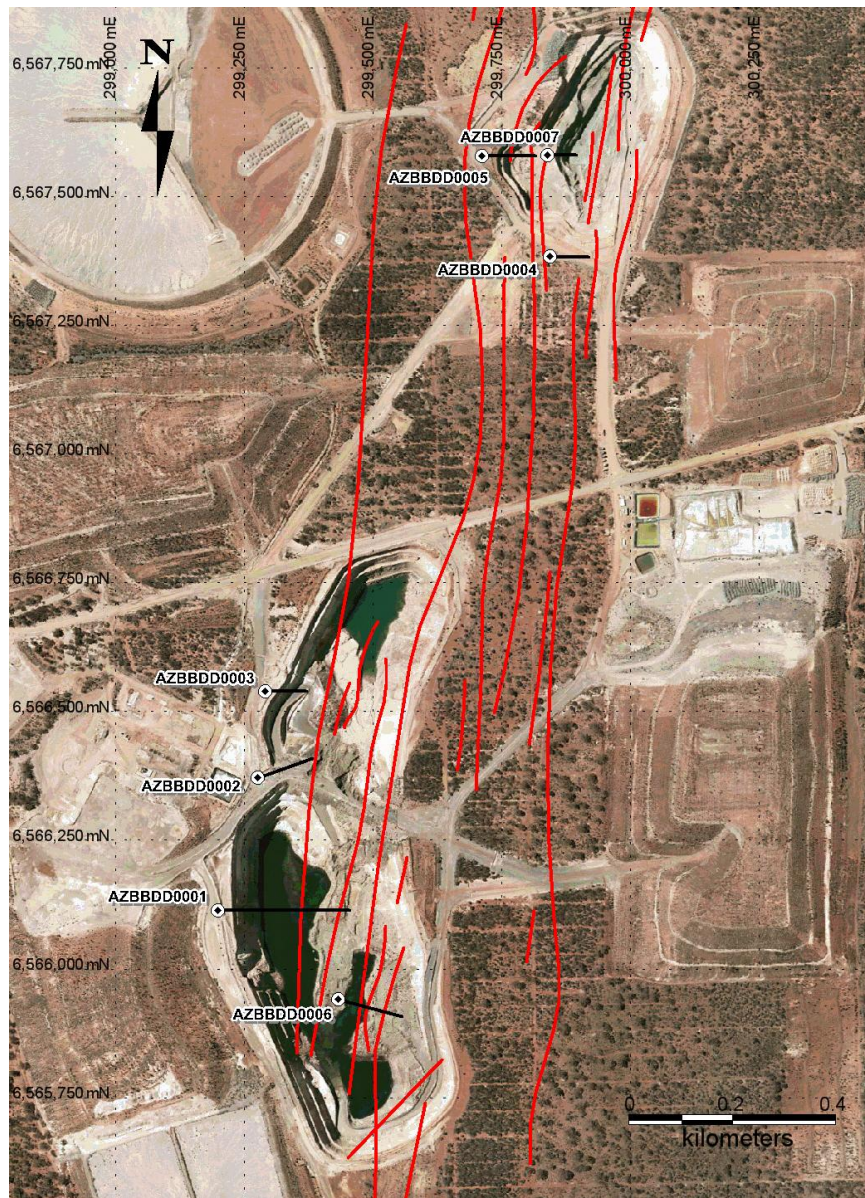
Summary of intersections at a 0.3 g/t gold cut-off with 4m internal dilution

Hole	From	To	Width	Au g/t
AZBBRD0001	93.00	94.00	1.00	4.59
AZBBRD0001	111.00	122.00	11.00	0.51
including	111.00	113.00	2.00	1.30
AZBBRD0001	126.00	141.00	15.00	1.64
including	132.00	136.00	4.00	4.91
AZBBRD0001	277.00	278.00	1.00	2.15
AZBBRD0001	316.00	317.00	1.00	2.02
AZBBRD0001	354.42	370.00	15.58	1.26
including	354.42	360.00	5.58	1.93
including	365.00	370.00	5.00	1.66
AZBBRD0003	63.00	109.00	46.00	0.76
including	63.00	66.00	3.00	5.38
including	65.00	66.00	1.00	14.30
including	86.00	87.00	1.00	6.62
AZBBRD0004	77.00	91.00	14.00	1.67
including	87.00	91.00	4.00	4.41
AZBBRD0004	107.25	113.00	5.75	3.09
AZBBRD0005	68.00	78.00	10.00	0.89
AZBBRD0005	156.00	161.00	5.00	1.54
AZBBRD0006	1.50	4.00	2.50	2.10
AZBBRD0006	30.00	32.00	2.00	1.06
AZBBRD0006	53.00	64.00	11.00	0.52
AZBBRD0006	144.00	169.00	25.00	1.69
including	144.00	145.00	1.00	37.40
AZBBRD0007	3.00	10.00	7.00	1.09
AZBBRD0007	25.00	31.00	6.00	0.46
AZBBDD0007	46.00	47.00	1.00	1.97
AZBBRD0007	59.00	61.00	2.00	0.78

Bullabulling Diamond Drill Program: Drillhole collar locations, depths and orientations

Hole	Easting AGD 84	Northing AGD 84	RL	Dip	Az	Depth	Area
AZBBDD0001	299,198.64	6,566,114.06	432.26	-50.00	90.00	420.5	Bacchus South
AZBBDD0002	299,276.54	6,566,371.48	428.98	-50.00	70.00	159.3	Bacchus South- Bacchus North
AZBBDD0003	299,290.18	6,566,538.50	431.33	-60.00	90.00	159.8	Bacchus North
AZBBDD0004	299,843.06	6,567,383.02	438.56	-60.00	90.00	153.7	Phoenix
AZBBDD0005	299,712.08	6,567,578.82	439.65	-60.00	90.00	192.8	Phoenix
AZBBDD0006	299,431.96	6,565,941.57	370.37	-50.00	105.00	198.8	Bacchus South
AZBBDD0007	299,839.04	6,567,580.96	415.42	-60.00	90.00	108.8	Phoenix

Drillhole collar details with coordinates in AMG,AG D 84



Location of diamond drillholes in relation to historic pits and interpreted gold lodes

A new 0.5m resolution DTM of the immediate area around the Bullabulling project has been developed after control points were surveyed and new air photographs of the area captured. The DTM was used to accurately constrain the new resource estimate and the air photographs will be used for baseline environmental studies.

A feasibility review and scoping study was completed during the quarter to provide information on mining costs, treatment costs, cut off grade and the scale of the operation to be used in the coming feasibility study. Optimisation studies were also carried out on the global mineral resource to confirm the economic mining depth. All historic mining, geotechnical data and metallurgical data have been reviewed and these data have been used to develop preliminary costs for the optimisation study. The main outcomes from the study are:

- A QAQC of the historic drilling is required as soon as possible to upgrade the classification of the resource estimate for development of reserves.
- The project financials and risk profile may be greatly enhanced by the potential higher grade mineralisation in the Bacchus Deeps. This part of the model needs to be infilled with drilling up dip and along strike to improve confidence in the continuity of the higher grade gold mineralisation and test for strike extensions beyond that estimated in the current model.
- Processing costs have a significant impact on project economics and given the significant amount of low grade mineralisation metallurgical testwork is required, especially from primary ore, to confirm recoveries and processing costs.
- Infill drilling is required in areas with low drill density to upgrade the resource estimate from inferred to indicated and measured.

The aim of the metallurgical program will be to test the metallurgical variation within the deposit. Proposals have been requested from a number of metallurgical consultants to provide advice and manage this critical work. Proposals have also been requested from a number of resource consultants for the next phase of QAQC drilling and database work and the upgrading of the resource model to indicated and measured categories. A comprehensive program of SG measurement samples from all rock categories and weathering domains has been planned and will be carried out as part of this work.

Follow up resource drill planning has been completed and a Program of Works has been submitted to the West Australian Department of Mines to allow the QAQC and infill drilling to be carried out over the Bullabulling project area. Work to be undertaken includes a 5,000-7,000 metre QAQC drilling program to allow the upgrading of the recent inferred resource estimate to measured and indicated resource categories, a 12,000-18,000 metre infill drilling program to expand the known resource estimate, and 500-600 metres of diamond drill core within the primary zone for metallurgical test work. Drilling is expected to start in early November.

Detailed structural logging of the core and a review of logging procedures has been completed with the help of an independent consultant. This information will now be used to develop a regional structural interpretation of the project area that will be used to help with exploration targeting.

A database and data entry management system has been developed that will allow the seamless integration of new drill data from the planned resource infill drilling and QAQC drilling programs. The system will automate data entry from assay labs and provide automatic QAQC reports. The use of this type of system will speed up and enhance QAQC work for the next resource estimation.

North Queensland Projects, (Auzex 100%)

The application to renew the Khartoum EPM 14797 has been successful and the tenement has been renewed for two years. Field work is underway at the Khartoum tin project using a Niton hand held XRF as a prospecting tool to test the unexplored parts of the tenement. Work to date includes repairs to the tracks in the Great Boulder drill area. Also an orientation survey has been completed to compare previous soil sampling results with Niton results for tin to determine optimum size and fractions for soil sampling. Prospecting was also conducted in the SW and W of the Khartoum tenement in the California Creek area to determine the distribution of greisens and inspect historic diggings.

Fieldwork is underway at Galala and Runningbrook and an independent consultant has been retained to provide an assessment of both projects and the exploration potential for gold. The independent review of the Running Brook was positive and recommend that additional work be carried out on the project as it has many of the features of a Kidston type system. The Galala Project conversely has a low probability of hosting Kidston style mineralisation, but there has not been enough detailed follow up mapping of all the gold soil anomalies to entirely discount the prospect.

Lyell gold project, NZ (Auzex 58%)

The Lyell exploration permit has been renewed for an additional five years by Crown Minerals. An agreement has been reached with the Department of Conservation (DoC) regarding approval for a six hole program over the Lyell gold soil anomaly. Resource consent application to the West Coast Regional Council to undertake exploratory drilling in the Lyell is now awaiting affected party approval from DoC. This program will test the coincident gold-arsenic soil geochemical anomaly at Lyell, which extends over a length of 3000m with a width of 200m. Historic production from the Alpine United mine in the area of the anomaly was 96,500oz gold.

For further information please check our website (www.auzex.com) or contact John Lawton (Managing Director) or Gregor Partington (Operations Director) on +617 3333 2722 or +614 4870 0987 respectively.

Competent Person Statement

The information in this report that relates to Exploration Results 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 which 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.