

AUZEX RESOURCES LIMITED

ABN 74 106 444 606

Level 30, AMP Place
10 Eagle Street
Brisbane, Queensland 4000

GPO Box 3249
Brisbane, Queensland 4001

Tel +617 3303 0198
Fax +617 3303 0111
Email bris@auzex.com

ASX RELEASE

5 April 2006

Exploration Update

Results of Kingsgate second phase drill program

Highlights

- **Very high grade molybdenum (Mo) intersected in quartz pipes ('pipe')**
Up to 2.2% Mo (equivalent to 1.93oz per tonne gold) with an average grade of 1.4% Mo (equivalent to 1.20oz per tonne gold)
- **High grade Mo intersected within a halo of disseminated granite-hosted mineralisation around the pipes.**
Up to 0.7% Mo (equivalent to 18.9 grams per tonne gold (g/t Au)) with an average grade of 0.4% Mo (equivalent to 10.8 g/t Au)
- **The Company is targeting 10,000 – 20,000 tonnes Mo from a swarm of 99 pipes within the 2.5km² project area. The current price of Mo is US\$51,000 per tonne.**
- **Second phase drill program of 38 reverse circulation holes totalling 1268 metres (average depth 33 metres) was completed during March 2006.**
- **Preliminary metallurgical test work has commenced on two composite samples (representing pipe and disseminated mineralisation) from the October 2005 diamond-drilling program. Results to date have been excellent with Mo and bismuth (Bi) recoveries of 98.5% and 95.8% resp. from pipe (average sample grade 0.293% Mo, 0.303% Bi), and 97.3% Mo and 87.8% Bi recoveries from disseminated mineralisation (average sample grade 0.065%Mo, 0.043%Bi).**
- **Kingsgate mineralisation will produce Mo and Bi saleable concentrates in approximately equal quantities. The current price of Bi is US\$10,300 per tonne.**
- **Technical planning is proceeding for the establishment of a Trial Mining Program at Kingsgate and laboratory scale pilot processing test-work. This program will allow for the completion of a Scoping Study for full scale mining.**

Commenting on progress at the Kingsgate Project, Executive Chairman John Lawton said

"It is difficult to find a Mo deposit currently in operation in the world that matches Kingsgate for grade.

A swarm of 94 quartz pipes identified at Kingsgate during 2003 and 2004 exploration formed the basis of the project. Drilling in October 2005 and early 2006 confirms high grades. The Company has also been successful in discovering another 5 pipes within the area drilled advancing the total number of pipes to 99. Fourteen percent of the pipe swarm area has been drilled to date and it is most likely more pipes will be discovered. The project has shown itself to be an outstanding Mo prospect.

Our current target for Mo is between 10,000 - 20,000 tonnes of contained metal. At the current price of US\$51,000 per tonne the Kingsgate project has the potential to be very important for Company. Projects such as Kingsgate, which is literally sticking out of the ground, highlight Australia's prospectivity and potentially bright future as a Mo producer.

The Mo market is not yet well known within Australia because of the lack of production and limited exploration, but with an estimated US\$13b in supply predicted it is as large as the diamond and uranium markets combined.

Second phase drilling has focussed on shallow mineralisation identified during phase one drilling in October 2005. Numerous high-grade intersections have been made. The average pipe grade of 1.4% Mo reported today is impressive and consistent with historical production records (see photograph). There is no evidence to suggest grades will decrease at depth as typically this type of mineralisation continues down many hundreds of metres.

A review of global Mo producers shows mining grades are generally 0.10% Mo which is an order of magnitude less than the average grade mined historically from Kingsgate. The very large tonnage porphyry Mo deposits of western USA (Climax, Henderson) averaged 0.1% to 0.3% Mo.

The next step for Kingsgate is to complete a trial mining program and laboratory scale metallurgical processing. Plans are well underway and further information will be available shortly."



Old-timer photographed with blocks of Kingsgate Mo. Total weight of the 3 slabs (which were all broken from one mass) is equivalent to 595 kg.

Kingsgate Project, EL 6333 Glen Innes, New South Wales (Auzex 100%)

A second phase of drilling was completed at the Kingsgate prospect (EL 6333), which is located 20 km east of Glen Innes in the New England region of northern New South Wales. 99 high-grade Mo-bismuth (Bi) pipes occur over an area of approximately 2.5 km². The purpose of the Company's exploration is to establish the existence of between 10,000 tonnes and 20,000 tonnes of Mo in this area.

The objectives of the second phase of drilling were to scope the extent, grade and distribution of the Mo-Bi mineralisation in two areas where mineralisation was discovered by the initial drilling program. Three new pipes were identified in two areas (170m x 100m and 125m x 150m areas) around historic workings by the first phase of drilling at Kingsgate and a previously unrecognised disseminated style of mineralisation was also intersected. The second phase drilling was planned to test and extend the continuity and grade of the Mo - Bi mineralisation within these two areas.

Thirty eight RC drill holes have been completed for a total of 1,268 metres to an average depth of 33m (see table). Twenty six out of the thirty eight holes hit mineralisation with three holes terminating in old workings, and twelve holes failing to intersect the mineralisation. High grade Mo up to 2.2% (equivalent to 1.93oz per tonne gold) with an average grade of 1.4% (equivalent to 1.20oz per tonne gold) was intersected in quartz pipe.

High grade Mo up to 0.7% (equivalent to 18.9 g/t Au) with an average of 0.4% (equivalent to 10.8 g/t Au) was intersected within a halo of disseminated granite-hosted mineralisation around the pipes. A new style of mineralisation has been identified. Up to 0.1% (equivalent to 2.6 g/t Au) with an average of 0.03% (equivalent to 0.8 g/t Au) was intersected within horizontal bands between pipe and disseminated mineralisation.

Two new pipes were intersected with maximum grades up to 2.2% Mo and 2.1% Bi. Mineralisation continues to be characterised by a strong Mo - Bi - silver (Ag) association with gold (Au), antimony (Sb), selenium (Se) and tellurium (Te) credits.

Preliminary metallurgical test work has commenced on two composite samples from the diamond drilling program in October 2005. Results to date have been excellent. The two samples are from high-grade pipe (average sample grade 0.293% Mo, 0.303% Bi) and disseminated mineralisation (average sample grade 0.065% Mo, 0.043% Bi). Recoveries of Mo and Bi at a coarse grind of 250 microns were 98.5% Mo and 95.8% Bi (for the pipe mineralisation), and 97.3% Mo and 87.8% Bi (for the disseminated mineralisation).

Planning has commenced for the establishment of a laboratory scale pilot processing plant and Trial Mining Program at Kingsgate. Trial Mining will allow for the completion of a Scoping Study for a full scale mining project.

The Trial Mining will have multiple objectives:

- Increasing the understanding of the geological/structural setting of different types of mineralisation.
- Test accuracy of resource estimation methods.
- Test continuity of mineralisation and selective mining requirements.
- Provide an indication of drilling and blasting requirements, mining equipment selection and provide data for future estimation of mining costs.

Table of drill hole locations

Hole No	Easting	Northing	RL	Dip	Az (Grid)	Depth m.	Target	Comments
KGRC06-01	400705	6701705	1081	-90	0	31	Bill Millers Pipe	
KGRC06-02	400728	6701694	1080	-90	0	31	Bill Millers Pipe	Intersected pipe.
KGRC06-03	400737	6701684	1079	-90	0	33	Bill Millers Pipe	Intersected disseminated mineralisation.
KGRC06-04	400740	6701676	1079	-90	0	31	Bill Millers Pipe	Intersected disseminated mineralisation.
KGRC06-05	400738	6701659	1080	-90	0	31	Bill Millers Pipe	
KGRC06-06	400724	6701696	1081	-90	0	13	Bill Millers Pipe	Intersected disseminated mineralisation.
KGRC06-07	400733	6701693	1080	-90	0	19	Bill Millers Pipe	Intersected disseminated mineralisation.
KGRC06-08	400732	6701639	1081	-60	319	31	Bill Millers Pipe	
KGRC06-09	400690	6701669	1084	-60	72	37	Bill Millers Pipe	
KGRC06-10	400770	6701652	1079	-90	0	31	Wolfram Pipe	
KGRC06-11	400782	6701652	1076	-80	31	35	Wolfram Pipe	Intersected new pipe with 1.1% Mo+Bi.
KGRC06-12	400813	6701677	1071	-90	0	31	Wolfram Pipe	Intersected disseminated mineralisation.
KGRC06-13	400818	6701674	1070	-90	0	22	Wolfram Pipe	Intersected workings and disseminated mineralisation.
KGRC06-14	400814	6701638	1068	-90	0	31	Wolfram Pipe	Intersected disseminated mineralisation.
KGRC06-15	400805	6701625	1069	-80	311	31	Wolfram Pipe	
KGRC06-16	400768	6701541	1079	-90	0	31	25-NW No. 2	Intersected workings and disseminated mineralisation.
KGRC06-17	400777	6701538	1081	-90	0	51	25 NW No. 2	
KGRC06-18	400771	6701658	1078	-80	31	37	Wolfram Pipe	Intersected new pipe with 2.1% Mo+Bi.
KGRC06-19	400829	6701680	1066	-90	0	60	Wolfram Pipe	Intersected new pipe with 0.35% Mo+Bi.
KGRC06-20	400964	6701550	1070	-90	0	28	Granite Shaft	
KGRC06-21	400973	6701554	1071	-90	0	70	Granite Shaft	
KGRC06-22	401019	6701633	1060	-90	0	19	New pipe.	Intersected new pipe.
KGRC06-23	401029	6701636	1061	-90	0	13	New pipe.	
KGRC06-24	401010	6701631	1060	-90	0	13	New pipe.	
KGRC06-25	401048	6701701	1044	-90	0	37	Black Shaft	Intersected disseminated mineralisation.
KGRC06-26	401045	6701719	1039	-90	0	20	Pipe No. 46	Intersected disseminated mineralisation.
KGRC06-27	401047	6701719	1039	-90	0	37	Pipe No. 46	Intersected disseminated mineralisation.
KGRC06-28	400987	6701714	1044	-90	0	24	Pipe No. 46 area	Intersected disseminated mineralisation.
KGRC06-29	401007	6701697	1047	-60	44	32	Black Shaft	Intersected disseminated mineralisation.
KGRC06-30	401018	6701755	1035	-60	191	37	Pipe No. 46 area	Intersected disseminated mineralisation.
KGRC06-31	400839	6701686	1064	-90	0	43	Wolfram Pipe	Intersected new pipe with 1.2% Mo+Bi.
KGRC06-32	400849	6701692	1063	-90	0	39	Wolfram Pipe	Intersected pipe with 0.37% Mo+Bi.
KGRC06-33	400815	6701647	1070	-60	283	60	Wolfram Pipe	Intersected disseminated mineralisation.
KGRC06-34	400839	6701683	1064	-90	0	40	Wolfram Pipe	Intersected new pipe with 2.4% Mo+Bi in bottom of hole.
KGRC06-35	400841	6701690	1064	-90	0	13	Wolfram Pipe	Intersected disseminated mineralisation.
KGRC06-36	400898	6701961	1047	-60	0	7	One and Nine	Intersected disseminated mineralisation.
KGRC06-37	400899	6701961	1046	-80	263	85	One and Nine	Intersected pipe with 0.17% Mo+Bi.
KGRC06-38	400776	6701658	1077	-80	91	34	Wolfram Pipe	Twin hole to KGDH05-3 hit similar mineralisation

Table of significant drilling results

Hole ID	From m.	To m.	Length m.	Bi ppm	Mo ppm	ASValue per tonne	AuEquiv g/t
KGRC06-02	24	26	2	955	1093	\$92.72	3.56
KGRC06-11	20	22	2	59	3686	\$260.74	10.00
KGRC06-11	25	30	5	2621	3301	\$273.92	10.51
Incl.	26	30	4	3258	4079	\$338.80	13.00
KGRC06-13	9	12	3	91	199	\$15.96	0.61
KGRC06-16	16	21	5	71	487	\$35.44	1.36
KGRC06-18	20	24	4	6872	1823	\$234.43	8.99
KGRC06-19	29	31	2	1875	1009	\$99.88	3.83
KGRC06-22	7	10	3	193	155	\$14.14	0.54
KGRC06-22	14	16	2	478	268	\$26.36	1.01
KGRC06-25	4	17	13	155	160	\$14.02	0.54
KGRC06-26	1	4	3	77	291	\$21.77	0.84
KGRC06-27	22	25	3	110	182	\$14.57	0.56
KGRC06-29	2	6	4	126	242	\$20.15	0.77
KGRC06-31	32	39	7	2173	335	\$60.79	2.33
Incl.	34	35	1	11950	817	\$258.32	9.91
KGRC06-32	5	9	4	79	1171	\$83.99	3.22
KGRC06-33	0	2	2	109	167	\$13.73	0.53
KGRC06-34	35	38	3	639	7827	\$561.33	21.53
Incl.	35	36	1	1675	22300	\$1,596.11	61.23
KGRC06-37	20	22	2	271	1185	\$87.69	3.36
KGRC06-38	27	30	3	3984	3023	\$275.52	10.57

*Note: Metal Value and Gold Equivalent values used throughout this report have been calculated using metal prices as at 31/03/06: Mo US\$22.85lb, Bi US\$4.67lb, Ag US\$11.49oz, Au US\$581.50oz, and an exchange rate of A\$1 = US\$0.7165. One Troy Ounce is equivalent to 31.1035 grams

For further information contact:

John Lawton
Executive Chairman
Tel: +617 3303 0198

Philip Chisholm
Corporate
Tel: +644 562 7019

The information in this report that relates to Exploration Results is based on information compiled by John Lawton who is a Member of The Australasian Institute of Mining and Metallurgy. He is a full-time employee of the Company and 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.