

Peak Hill Iron Project

Davis Tube Recovery Data Confirms High Quality Concentrate Achievable at Telecom Hill

Highlights:

- **Davis Tube Recovery (DTR) results from the main BIF 1 target unit indicate high-quality concentrate of >65% Fe can be achieved, with low impurities and mass recoveries about 22%.**
- **All holes intersecting BIF 1 contain magnetite mineralisation that can be upgraded, demonstrating a high degree of geological continuity.**
- **The mineralisation is open along strike to the east and at depth.**
- **Work on an updated resource estimate to include the new DTR data has commenced.**

Padbury Mining Limited (ASX: PDY) and Aurium Resources (ASX: AGU) (“the JV Partners”) are pleased to announce that DTR test work has returned excellent results for the Peak Hill Iron Project.

Padbury Managing Director Gary Stokes said the data reinforced the highly prospective nature of the Company’s flagship project, which has an inferred JORC compliant resource of 850Mt at 27.3% Fe.

The results follow the announcement on June 29 that two significant areas of high-grade hematite outcrop had been delineated at Telecom Hill, with rock chip samples collected during mapping showing high iron grades of between 60-65% Fe.

“The DTR analysis is very encouraging and enables us to move into the next phase of project development with additional confidence,” Mr Stokes said.

“Work in the coming months will include additional drilling to further delineate the project’s magnetite deposit, a new drill program to define a hematite resource and the completion of a conceptual mining study.”

The DTR data will be incorporated into the project model to assess the grade and recovery for the BIF 1 portion of the Telecom Hill deposit.

DTR Test Work - Background

The DTR analysis focused on the BIF 1 component of the previously announced 850Mt Inferred Resource at 27.3% Fe. The DTR test work is now complete and the results are very encouraging, demonstrating the main BIF 1 target unit (Figure 1) can produce high-quality concentrate of greater than 65% Fe, with mass recoveries in the order of 22%, and low impurities (Table 1).

As part of the evaluation program 1597 four-metre composite samples, from 46 holes, were submitted for DTR analysis. Approximately 80% of the DTRs were collected from BIF 1, since this is the main target for the evaluation programs at Telecom Hill. The remaining 20% of samples were collected from BIF 2 (15%) and BIF 3 (5%) to get some indicative results.

The DTR results confirm that BIF 1 contains the best grade and best continuity of magnetite ore at the Telecom Hill deposit. All of the holes that intersected BIF 1 contain material capable of producing a high quality, low-impurity magnetite concentrate.

Table 1 below lists all of the BIF 1 intercepts with DTR data above 60% Fe and with mass recoveries greater than 15% within the Telecom Hill project (with up to 8m of internal dilution). The weighted average of these values indicate the BIF 1 material could produce a concentrate of greater than 65% Fe with a mass recovery of approximately 22% and low impurity levels (Table 1).

The DTR data demonstrate the BIF 1 unit tends to be higher grade in the centre and towards the footwall contact (Figure 2), with some variability in oxide / transition zone. This zone does contain material that can be recovered, but at a slightly lower grade than from the un-oxidised parts of the deposit.

Further work is planned to improve understanding of the oxidised part of the deposit. As part of the next phase of work, the geology modeling for the deposit will be re-interpreted to include the DTR data and better define the asset to optimise the concentrate quality.

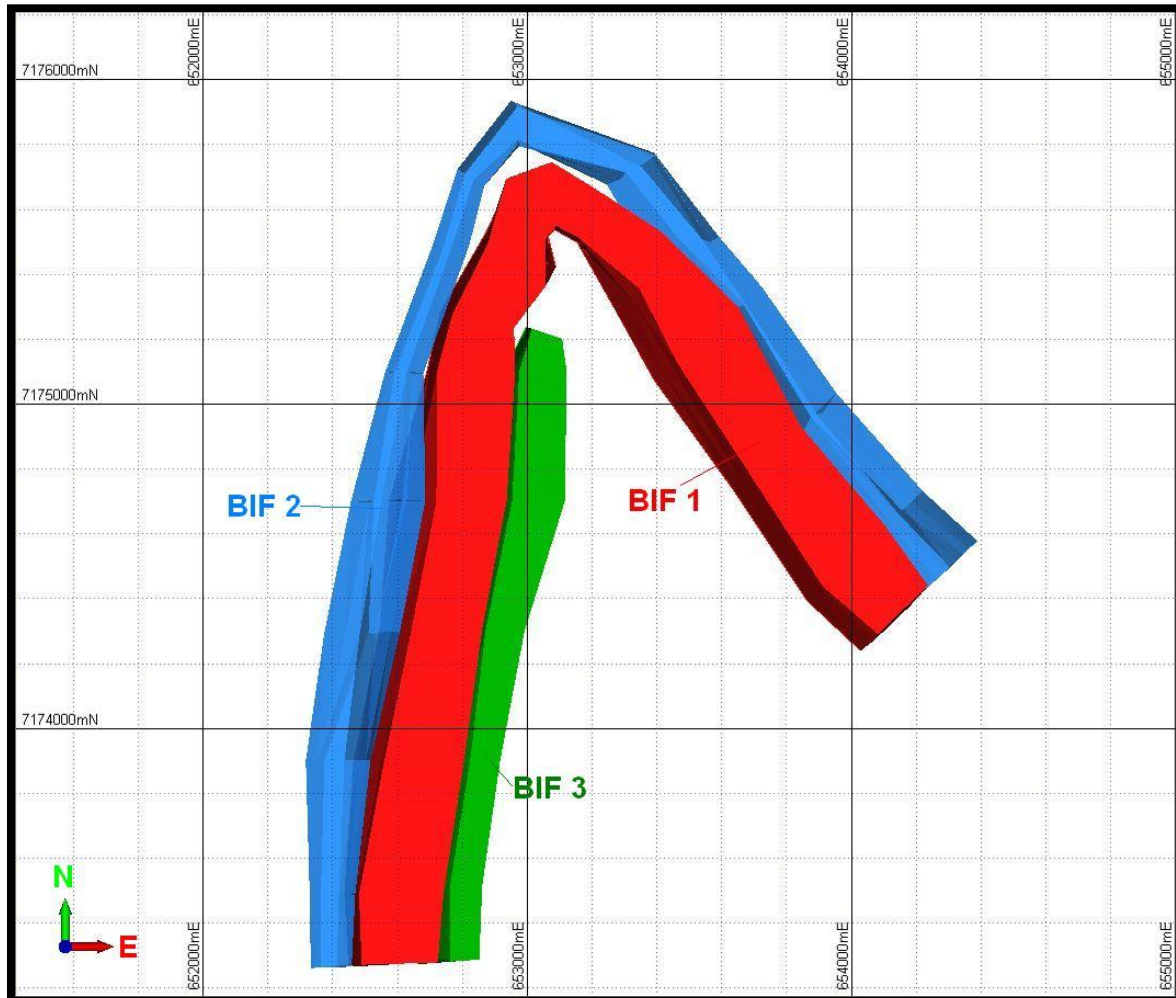


Figure 1. BIF Wireframes at the Telecom Hill Deposit

A more limited set of DTR samples were collected from BIF 2 and BIF 3 to assess whether these parts of the deposit were appropriate additional targets.

The DTR data from BIF 2 indicates some of this material will be amenable to beneficiation, but more test work is required to assess the distribution and quality of magnetite mineralisation within the unit. More samples will be sent for analysis and a number of new holes are planned for the next round of evaluation drilling. Data collected to date from BIF 3 indicates magnetite recoveries could be too low to be economically viable.

All of the DTR samples were crushed then pulverised so 80% of the sample would pass through a 38 micron screen. The whole sample was analysed using fused disc XRF for a standard iron ore suite of elements. The magnetite recovery was measured using a Davis Tube. The magnetic concentrate and the non-magnetic tail were analysed by fused disc XRF. The majority was completed at ALS Perth and the remainder was completed at Spectrolabs Geraldton.

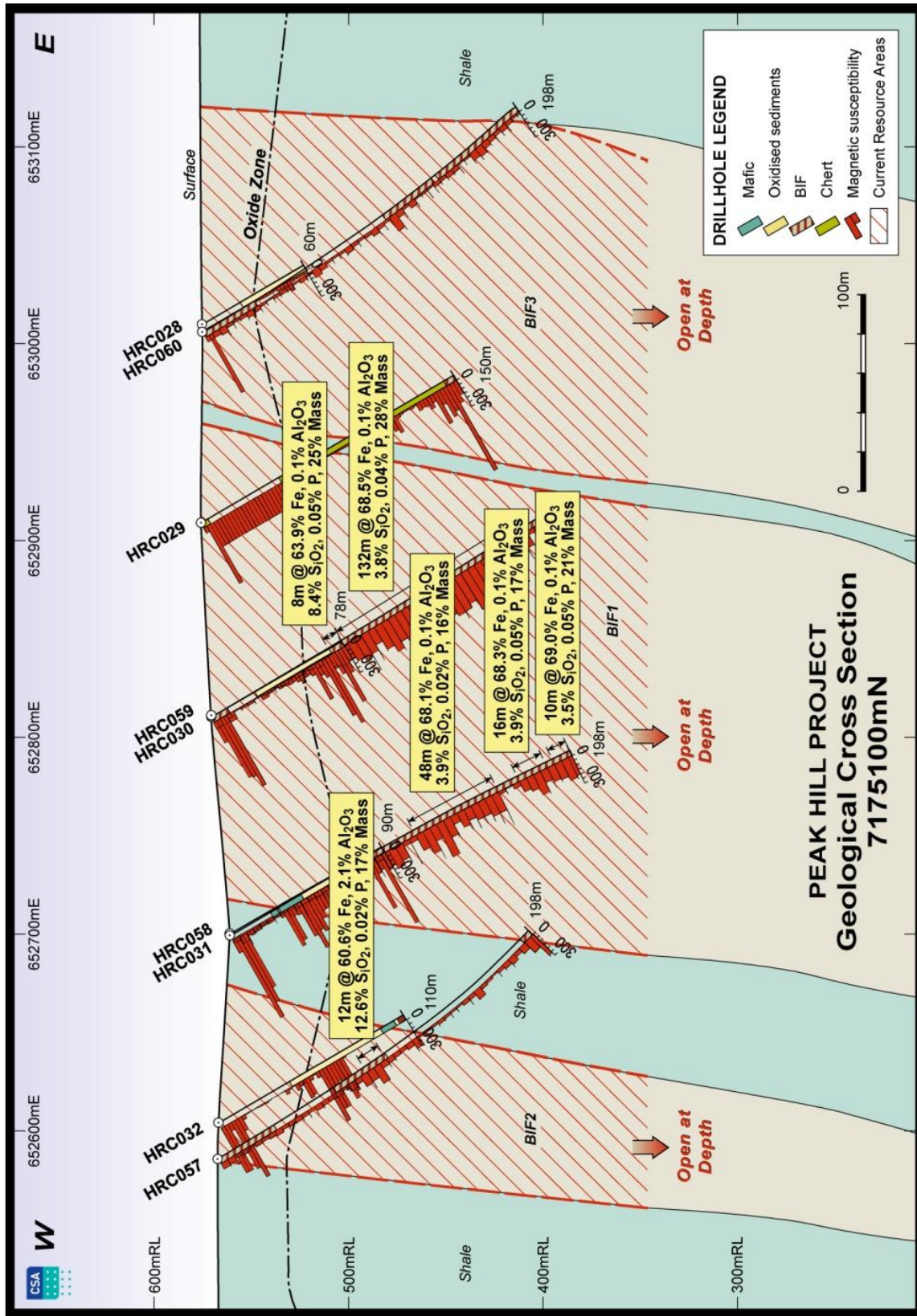


Figure 2. Schematic cross section through the Telecom Hill deposit at 7175100mN

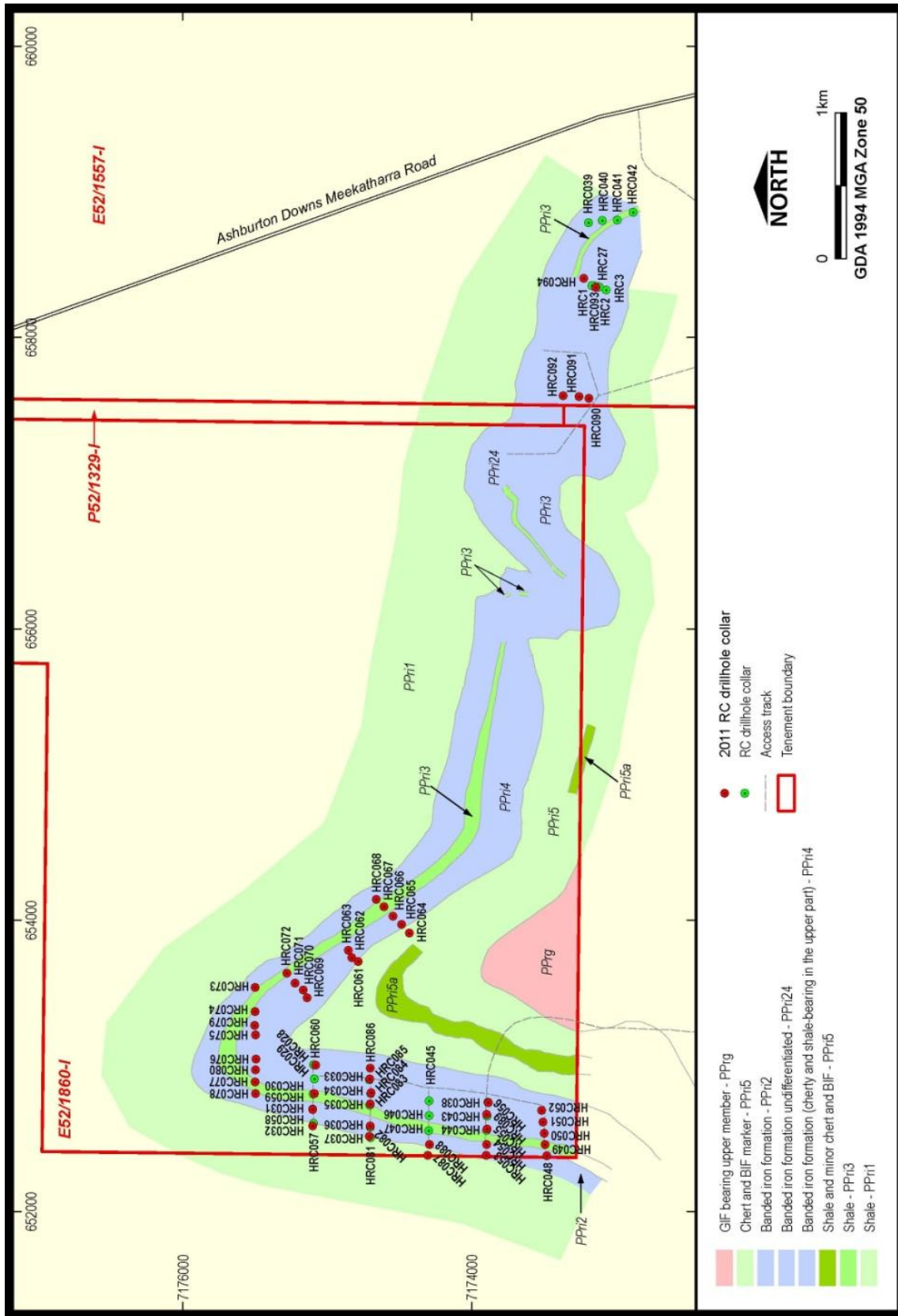


Figure 3. Project and collar location plan

Table 1. Significant intercepts from BIF 1 DTR test work

Hole_ID	BIF Unit	From	To	Int	Conc Fe %	Conc Al ₂ O ₃ %	Conc SiO ₂ %	Conc P %	Conc Mass Rec %
HRC030	BIF 1	70	78	8	63.91	0.15	8.40	0.05	24.69
HRC035	BIF 1	72	80	8	66.27	0.13	6.04	0.05	26.30
HRC045	BIF 1	86	94	8	62.68	0.20	8.63	0.07	21.54
HRC046	BIF 1	208	216	8	65.14	0.21	7.31	0.07	23.34
HRC047	BIF 1	206	214	8	66.56	0.19	5.51	0.05	21.44
HRC048	BIF1	120	156	36	63.63	0.27	9.82	0.02	20.55
HRC049	BIF1	144	198	54	67.64	0.14	5.07	0.05	21.47
HRC050	BIF1	56	192	136	63.51	0.12	4.42	0.05	20.81
HRC054	BIF1	168	192	24	69.22	0.02	3.25	0.02	16.15
HRC055	BIF1	104	198	94	68.00	0.10	4.23	0.05	24.35
HRC058	BIF1	108	156	48	68.06	0.07	3.86	0.02	15.84
HRC058	BIF1	168	184	16	68.34	0.09	3.94	0.05	16.97
HRC058	BIF1	188	198	10	68.98	0.09	3.45	0.05	20.59
HRC059	BIF1	56	188	132	68.49	0.10	3.84	0.04	28.19
HRC061	BIF1	76	192	116	64.82	0.24	6.67	0.06	17.26
HRC064	BIF1	112	198	86	65.78	0.19	6.59	0.06	29.42
HRC065	BIF1	56	160	104	64.32	0.20	7.84	0.06	15.09
HRC069	BIF1	104	216	112	64.95	0.22	7.35	0.06	21.97
HRC075	BIF1	68	167	99	61.48	0.22	8.06	0.05	19.36
HRC076	BIF1	48	198	150	66.23	0.16	6.31	0.06	29.22
HRC077	BIF1	80	116	36	61.71	0.01	2.47	0.02	16.93
HRC077	BIF1	140	224	84	67.68	0.13	4.55	0.02	20.63
HRC077	BIF1	232	250	18	68.02	0.11	4.27	0.03	18.48
HRC078	BIF1	124	136	12	64.79	0.35	8.91	0.02	19.74
HRC078	BIF1	148	198	50	67.98	0.14	4.38	0.02	16.52
HRC082	BIF1	156	176	20	68.51	0.11	3.67	0.02	16.34
HRC082	BIF1	180	196	16	69.06	0.09	3.55	0.02	16.04
HRC082	BIF1	212	248	36	60.36	0.12	4.27	0.04	19.94
HRC083	BIF1	60	164	104	61.92	0.12	4.81	0.05	24.96
Weighted Average					65.45	0.15	5.61	0.05	21.92

Table 2. Significant intercepts from other BIF DTR test work

Hole_ID	BIF Unit	From	To	Int	Conc Fe %	Conc Al ₂ O ₃ %	Conc SiO ₂ %	Conc P %	Conc Mass Rec %
HRC053	BIF2	180	198	18	64.16	0.26	9.84	0.02	24.55
HRC054	BIF2	96	132	36	65.13	0.32	7.77	0.00	16.75
HRC057	BIF2	88	100	12	60.65	2.08	12.58	0.02	17.13
HRC068	BIF2	56	100	44	61.82	0.49	10.80	0.06	15.38
HRC070	BIF2	128	164	36	64.10	0.44	9.09	0.04	23.54
HRC072	BIF2	92	116	24	60.63	0.42	15.48	0.06	24.61
HRC072	BIF2	116	140	24	63.90	0.52	9.58	0.06	24.58
HRC073	BIF2	72	96	24	62.31	0.42	11.59	0.04	20.49
HRC079	BIF2	80	88	8	68.56	0.09	3.40	0.02	17.77
HRC081	BIF2	72	88	16	60.10	0.34	14.95	0.02	16.60
HRC082	BIF2	108	128	20	63.66	0.28	10.21	0.02	24.39
HRC090	N/A	184	198	14	68.63	0.09	0.41	0.05	38.86
HRC091	N/A	32	88	56	63.16	0.34	9.25	0.07	24.31
HRC093	N/A	28	64	36	68.79	0.26	1.97	0.02	20.48
HRC093	N/A	68	88	20	68.84	0.31	1.36	0.05	15.17
HRC094	N/A	124	188	64	61.04	0.16	8.57	0.02	18.68
Weighted Average					63.67	0.37	8.70	0.04	20.98

Telecom Hill Prospect History

In 2009, the Peak Hill Project JV partners recognised the potential of the Telecom Hill Deposit area to host significant tonnages of magnetite beneficiation feed ore (BFO), and since then they have undertaken a number of exploration programs to increase understanding of the deposits.

The JV partners have committed to the rapid evaluation of the prospect, which to date has included surface rock chip sampling; evaluation RC percussion drilling programs, aeromagnetic interpretation and a detailed geological mapping – all with positive results.

The Telecom Hill Prospect lies within Exploration Licence E52/1860. The principal target within the tenement is the Robinson Range Iron Formation, a sequence of interbedded BIF, granular iron formation (GIF), siltstone and shale.

The iron formation stratigraphy forms a prominent ridge (Telecom Hill) that strikes approximately east–west within the tenement.

Drilling at the Telecom Hill Prospect to date has tested just 4km of the identified 10km strike length of the targeted area of iron mineralisation. Exploration data indicates substantial potential for delineation of additional mineralisation.

Padbury is targeting 2015-2016 for production.

For more information, visit www.padburymining.com.au

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Competent Persons Statement

The Exploration Results and exploration target estimates discussed in this report were prepared under the supervision of Mr Daniel Wholley BAppSc MAIG, who is a Director and full time employee of CSA Global Pty Ltd and is a competent person as defined by the Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. Mr Wholley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.