

Peak Hill Iron Project Drilling Update

The Boards and Management of Padbury Mining Limited (ASX:PDY) and its JV partner Aurium Resources Limited (ASX:AGU) are pleased to provide the following progress report on the major drilling program underway at the flagship Peak Hill Iron Joint Venture.

The campaign has five key targets:

1. Hematite (Direct Shipping Ore - DSO) at Telecom Hill on the eastern side of the tenement;
2. Hematite DSO at Mt Padbury;
3. Diamond drilling for metallurgical testwork at the western end of Telecom Hill;
4. Extension drilling from the western end of Telecom Hill; and,
5. In-fill drilling at the western end of Telecom Hill.

Padbury Mining Limited (ASX:PDY) and joint venture partner Aurium Resources Limited (ASX:AGU) advise that excellent progress is being made with its latest drilling program at Telecom Hill.

DSO/ Hematite

Drilling at Telecom Hill is targeting DSO and is aimed at the JV's exploration target of 10-55Mt at 55-58% Fe'. Further DSO drilling will be undertaken at the company's Mt Padbury tenement once its Program of Work approval is received from the Department of Mines and Petroleum. The flora and fauna baseline surveys required by DEC as part of this POW approval have been completed.

Padbury Managing Director Gary Stokes said the drilling program was the first significant step of a focused strategy to improve the Peak Hill Iron Project resource base by identifying a DSO source.

"We are excited at the prospects for our flagship project and look forward to providing regular updates to shareholders over the coming months," he said.

'NOTE: This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

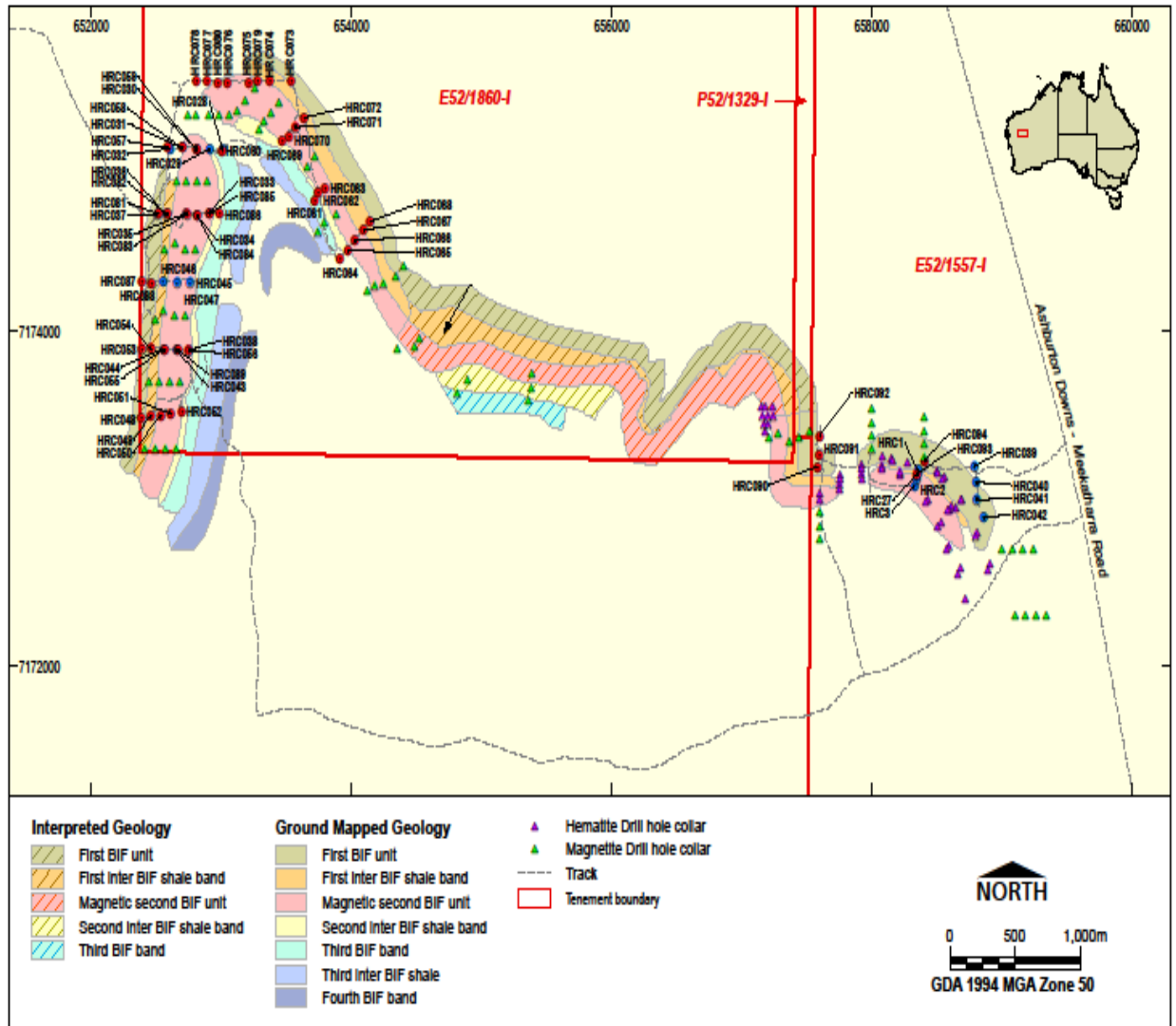
Magnetite

The initial holes HRC 1, 2 and 3 (see figure 1), targeting a magnetite Banded Iron Formation, have been drilled to approximately 300 metres. The aim of this component of the program is to increase and upgrade the project's JORC compliant resource, which currently stands at 850Mt at 27.3% Fe.

An office has been established at the project camp and equipment, including a water pump and gen set, sample splitter, core saw and sea container, has been purchased and relocated to the Peak Hill site.

A sample archive is being established and rehabilitation work is scheduled to start on previously drilled sites. This work will involve the JidiJidi community and local contractors wherever possible and will be supervised by the Peak Hill Project Manager and in-house geologist Dan Podger.

The drill program will take approximately 3 months to finalise. Drill samples will be sent for laboratory analysis and results will be announced as soon as possible following completion of this testing work.



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Figure 1: Telecom Hill



Drilling on Telecom Hill with samples in foreground



Iron formation with drilling in the background Telecom Hill



Drilling in progress Telecom Hill

Further inquiries:

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Competent Person's 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.