

DRILLING CONFIRMS DIRECT SHIPPING ORE POTENTIAL OF PEAK HILL IRON PROJECT

HIGHLIGHTS

- **Evaluation drilling confirms Direct Shipping Ore (DSO) potential of the Peak Hill Iron Project**
- **DSO mineralisation intersected in multiple holes at the Telecom Hill East target, extending the mineralised zone 600m west from the DSO discovery hole HRC001**
- **Best result of 29m @ 62.8%Fe, 4.9% SiO₂, 2.6%Al₂O₃ and 0.09%P**
- **Mineralisation is open to the east, west and at depth and occurs directly adjacent to the large Telecom Hill East magnetite deposit with an Inferred JORC compliant resource of 850Mt @ 27.3%Fe**
- **Additional DSO target areas identified further to the west on the Telecom Hill ridge**

Joint Venture partners Padbury Mining Limited (ASX:PDY) and Aurium Resources (ASX:AGU) are pleased to announce highly encouraging results from the recent DSO evaluation drilling at their flagship Peak Hill Iron Project in Western Australia's Mid West region.

Focusing on the project's Telecom Hill East prospect within the Robinson Ranges, the reverse circulation percussion (RCP) drilling program has confirmed hematite and goethite enrichment of the target area (Figure 1), identified from geological mapping and aeromagnetic survey data taken in 2011.

The early results indicate the DSO mineralisation extends over a strike length of at least 600m to a maximum known depth of 89m (down hole) within one of the main Banded Ironstone Formation units of the Robinson Range Formation. About 40% of the assay results for the Telecom East program are still outstanding. The resource potential of the area will be assessed once all results are returned.

Padbury Mining Managing Director Gary Stokes said the results were extremely positive.

“Direct Shipping Ore offers Padbury more flexible development opportunities and potential as well as the development of the Peak Hill magnetite processing operation, which promises to be significant,” Mr Stokes said.

“These early results are very encouraging and we look forward to the completion of laboratory work and continuing our exploration program.”

This RC drilling was undertaken in conjunction with ongoing resource evaluation programs for the Telecom Hill magnetite deposits, which currently have an Inferred JORC compliant resource of 850Mt @ 27.3% Fe.

Drilling has recommenced on site after a number of weather delays and will initially target magnetite deposits at Telecom Hill West, but will return to the Telecom East target area to test for extensions to the DSO mineralisation.

As well as drilling, preparation for the next phase of regional exploration are well advanced to assess the substantial areas of untested BIF stratigraphy present in the project tenure away from Telecom Hill.

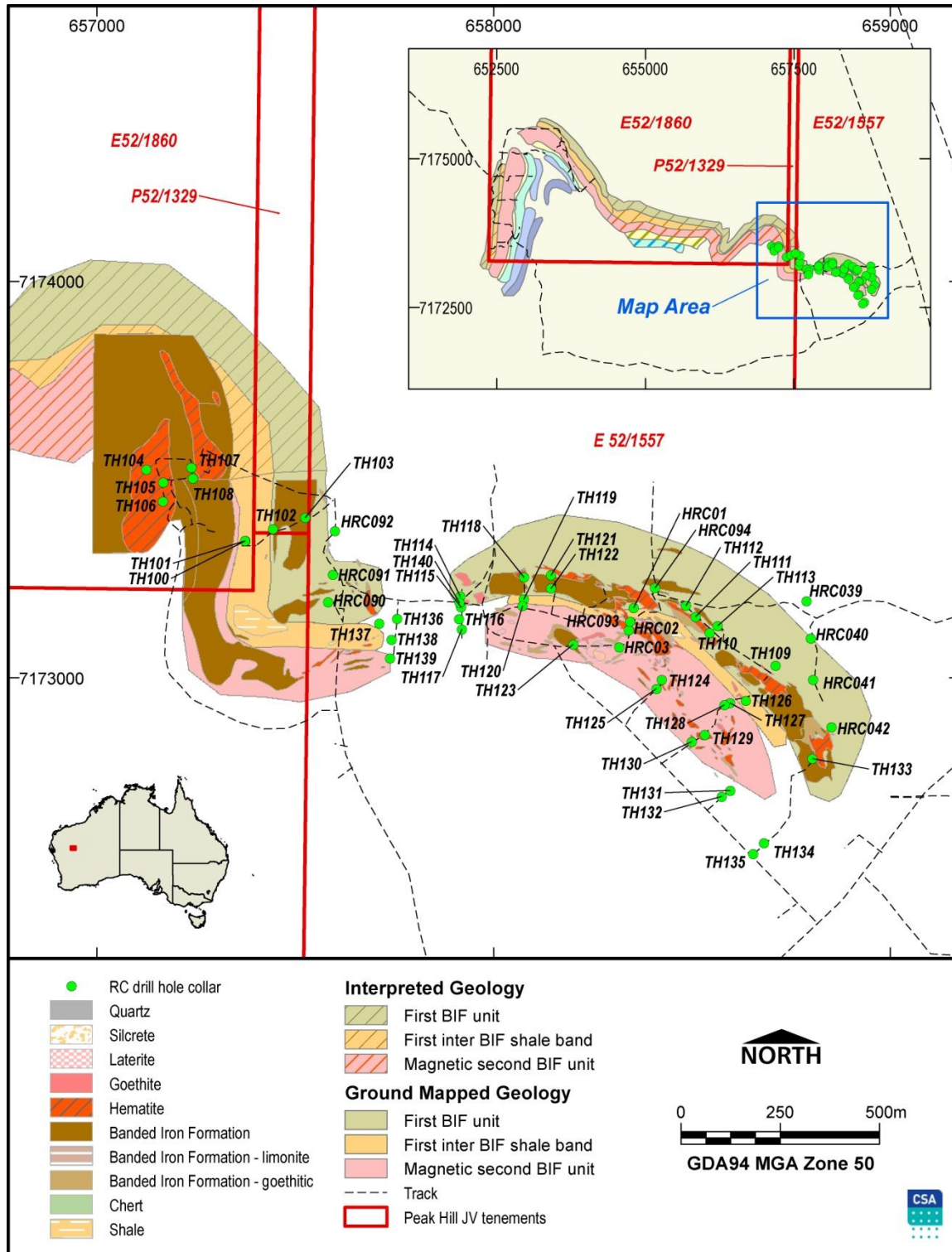


Figure 1. Collar Location Plan

DSO Drilling Program

The Telecom Hill East DSO drilling program was completed during November-December 2011. It comprised 32 holes (TH109 – TH140) for a total of 2907m. All holes were drilled at a declination of -60 degrees to a nominal depth of 100m and had varying orientations depending on the orientation of BIF stratigraphy.

All holes were sampled at one-metre intervals and analysed for a standard iron suit using fused disc XRF and LOI by TGA at ALS Laboratories in Perth. The results for 14 holes are still outstanding. QA-QC analysis of results received to date indicates the ALS results fall within the Padbury control limits. When all results are returned from the Laboratory, the JV partners will look to assess the resource potential of the area.

Program Results

The program has been highly successful and delineated an area of DSO mineralisation that extends over a strike length of 600m within one of the main BIF units of the Robinson Range Formation. The mineralisation occurs as massive hematite and goethite enrichment within the BIF and is most likely to result of a mixture of hypogene and supergene enrichment. The mineralised zone appears to be conformable with the BIF stratigraphy and is open to the east and west (see Figure 1 and Figure 2). Additional drilling has been planned to test for extensions and will be completed as part of the drilling program underway on site.

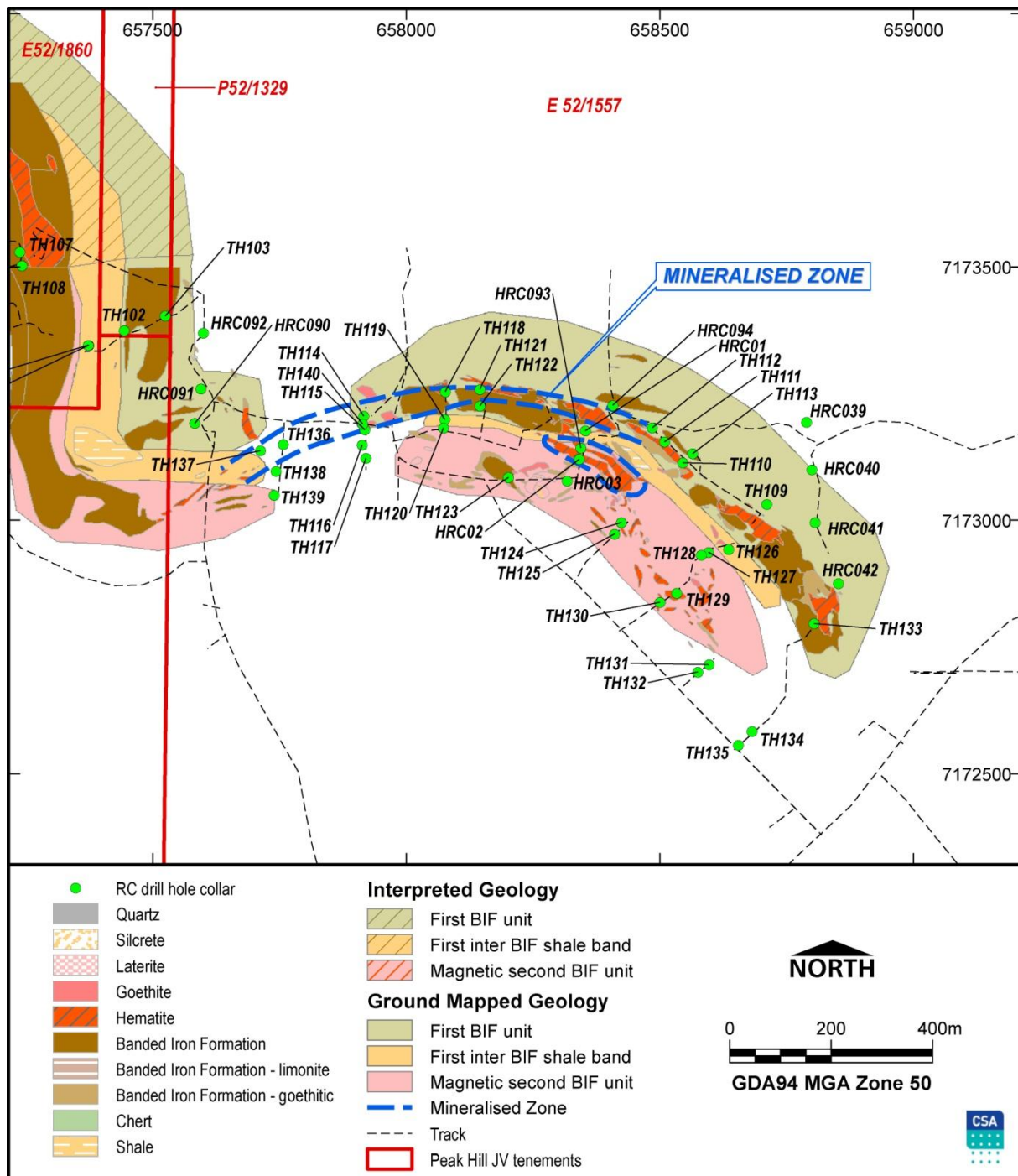


Figure 2. Schematic showing location of DSO mineralisation

Of the holes completed to date, the best results occur in hole TH122 (see Table 1 and Figure 3) which is directly along strike to the west from the DSO discovery hole

HRC001. The mineralisation in TH122 is hematite rich and extends to a down hole depth of 89m.

As a whole, the deposit area tends to have higher quantities of hematite with lesser goethite at depth and the near surface intercepts tend to have a more goethite-rich assemblage. The mineralisation has low alumina values and variable silica and phosphorus values. LOI values vary according to the relative quantities of hematite and goethite.

It is interpreted that the mineralisation is open to the east and west and in some areas at depth. Drilling to test for extensions to the west will start this quarter; however drill access to the east is difficult due to steep terrain. Before undertaking the earthworks required to test this area, the JV partners will liaise with the local traditional owners to ensure this work is complete in a culturally sensitive manner.

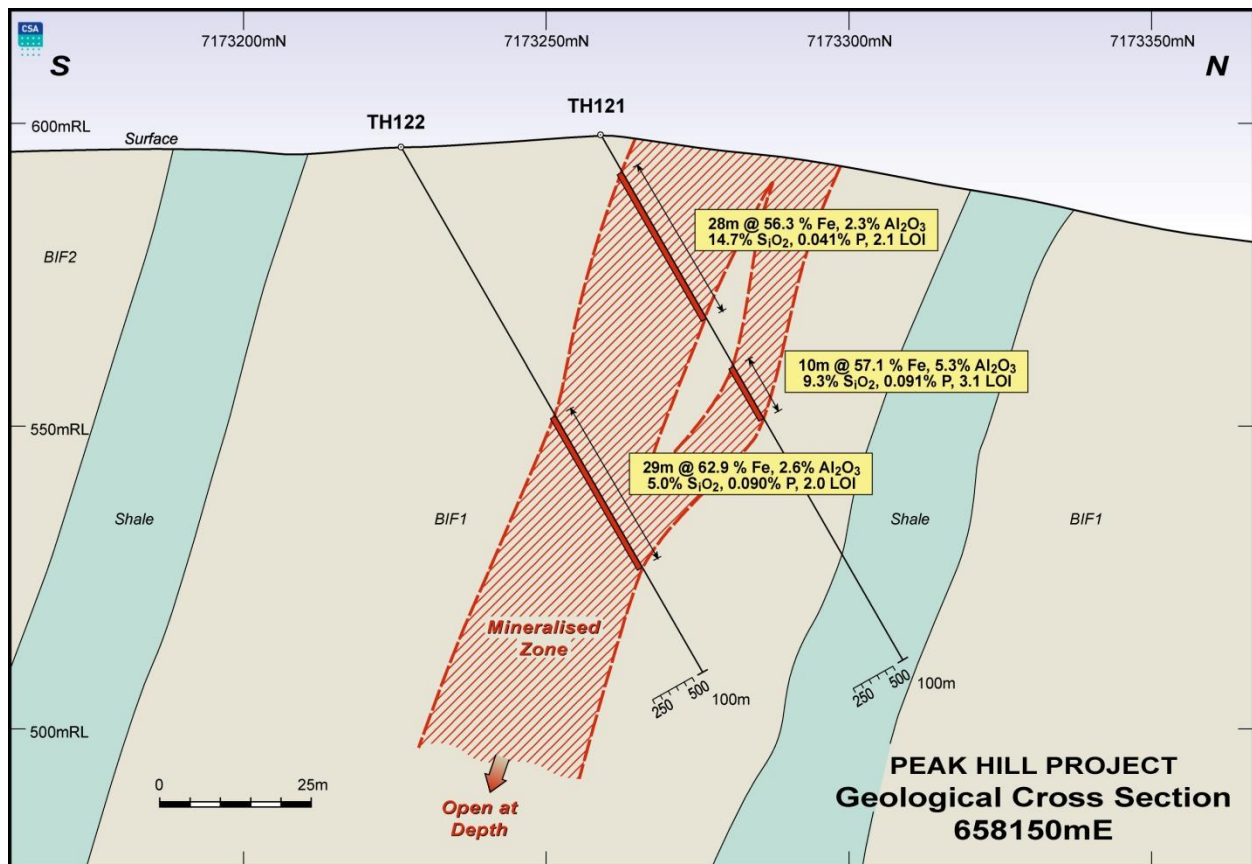


Figure 3. Schematic Cross Section through TH122

Table 1. Significant intercepts from Telecom Hill DSO RC Program

Hole ID	Thickness (m)	From (m Down hole)	Fe %	SiO2 %	Al2O3 %	P %	LOI % (1000°)
TH114	13	0	51.3	13.4	5.3	0.172	6.6
TH114	19	28	64.7	3.4	1.1	0.258	2.1
TH114	22	54	60.5	8.3	1.7	0.191	0.0
TH115	22	3	50.1	14.1	4.8	0.191	8.5
TH116	7	50	55.7	10.3	2.1	0.490	0.0
TH116	7	102	60.2	10.3	1.0	0.165	2.0
TH117	19	10	53.7	7.2	4.5	0.086	10.7
TH118	7	10	58.2	8.7	1.6	0.097	5.9
TH118	8	31	52.7	11.3	3.3	0.396	0.1
TH121	28	7	56.3	14.7	2.3	0.041	2.1
TH121	10	44	57.1	9.3	5.3	0.091	3.1
TH122	29	51	62.9	5.0	2.6	0.090	2.0
TH124	16	12	54.4	5.7	4.9	0.131	9.9
TH126	19	57	60.2	6.0	2.6	0.323	4.3
TH140	15	0	54.2	6.7	4.8	0.152	10.1
TH140	33	54	63.4	5.5	1.4	0.187	1.9

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. In addition to the magnetite potential, several small DSO deposits have been investigated to complement the magnetite project.

The original drilling results can be seen in Table 2 and Figure 4.

Table 2 Telecom Hill First Drilling Results

	From (m)	To (m)	Intercept	Fe%	SiO2%	Al2O3%	P%	LOI
HRC1	25	40	15	64.18	3.51	1.998	0.081	2.20
HRC2	57	72	15	63.99	4.74	1.787	0.100	1.54
HRC27	61	74	13	61.33	7.46	1.758	0.147	2.50
HRC3	143	149	6	60.57	9.20	1.207	0.213	2.29

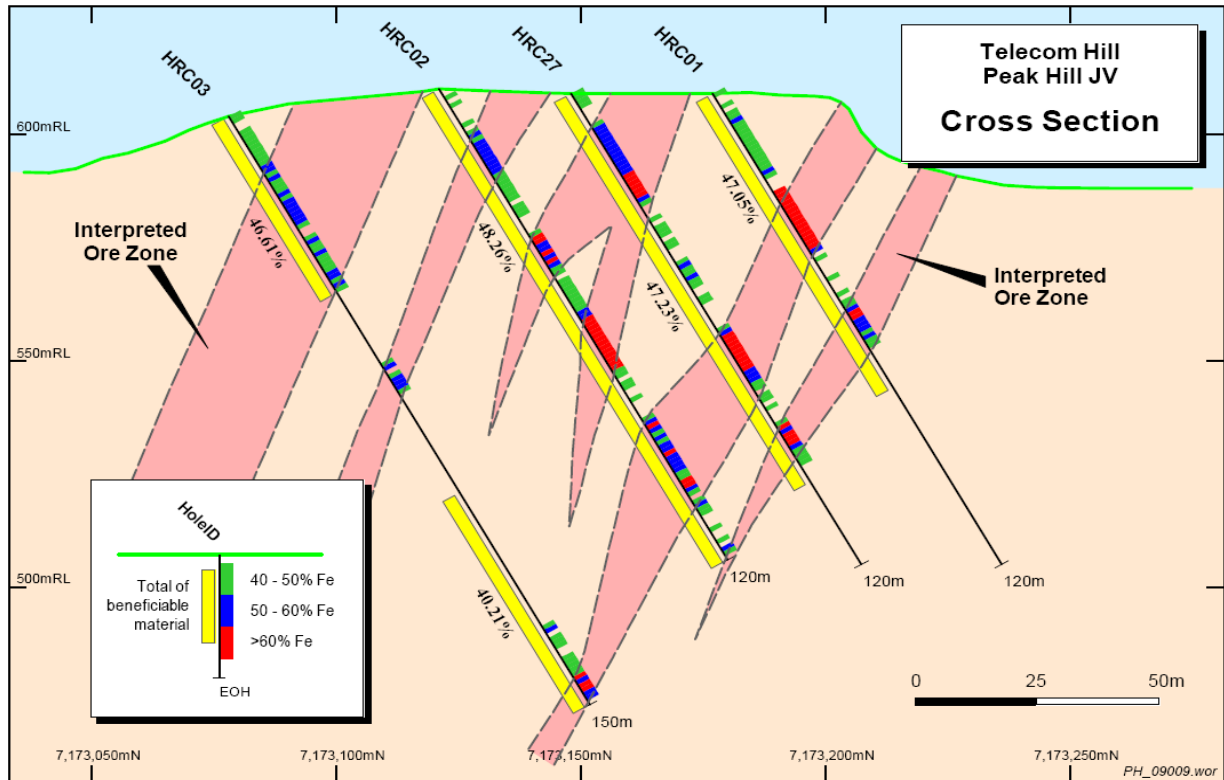


Figure 4 Schematic Cross Section Telecom Hill

The JV partners have committed to the rapid evaluation of the prospect, which to date has included surface rock chip sampling; resource 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 east-west within the tenement.

Drilling at Telecom Hill 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 the delineation of additional mineralisation.



ASX ANNOUNCEMENT
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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.

Further inquiries:

Gary Stokes, Managing Director, Padbury Mining - T: +61 8 6460 0250

Terry Quinn, Managing Director, Aurium Resources – T: +61 8 6460 0250

Media: Tamatha Smith - T: +61 8 6460 0250 M: +61 433 569 701