

PEAK HILL IRON PROJECT – MORE TELECOM HILL DSO MINERALISATION

Highlights:

- **Latest results from the evaluation programs at the Telecom Hill East prospect have further extended the DSO deposit.**
- **Mineralisation extended to over 1300m strike; best result from the recent analyses 34m @ 57.3% Fe in hole TH141 from 15m.**
- **All DSO results now received and JORC compliant modelling for Telecom Hill East Commenced.**

Padbury Mining and Aurium Resources (“the JV Partners”) are pleased to announce more highly encouraging results from the recent DSO evaluation drilling program at the Telecom Hill East prospect, part of the Peak Hill Iron Project Joint Venture (“JV” or “Project”). The reverse circulation percussion (“RCP”) drilling program was successful at targeting hematite and goethite enrichment of the Robinson Range Formation.

The Telecom Hill DSO target area was recognised from geological mapping and aeromagnetic survey data along strike from high-grade DSO intercepts drilled in 2010.

Mapping indicated that hematite / goethite enrichment had occurred at or near the shale contact of the main BIF unit and this has been confirmed by drilling. The drilling demonstrates that the mineralisation is continuous over 1300m and extends beneath cover and remains open to the west and southeast.

The onsite components of the evaluation programs for the hematite and magnetite are complete. Padbury and CSA Global will review and validate all analytical results as they become available whilst embarking on modelling for JORC compliant estimation work during this quarter.

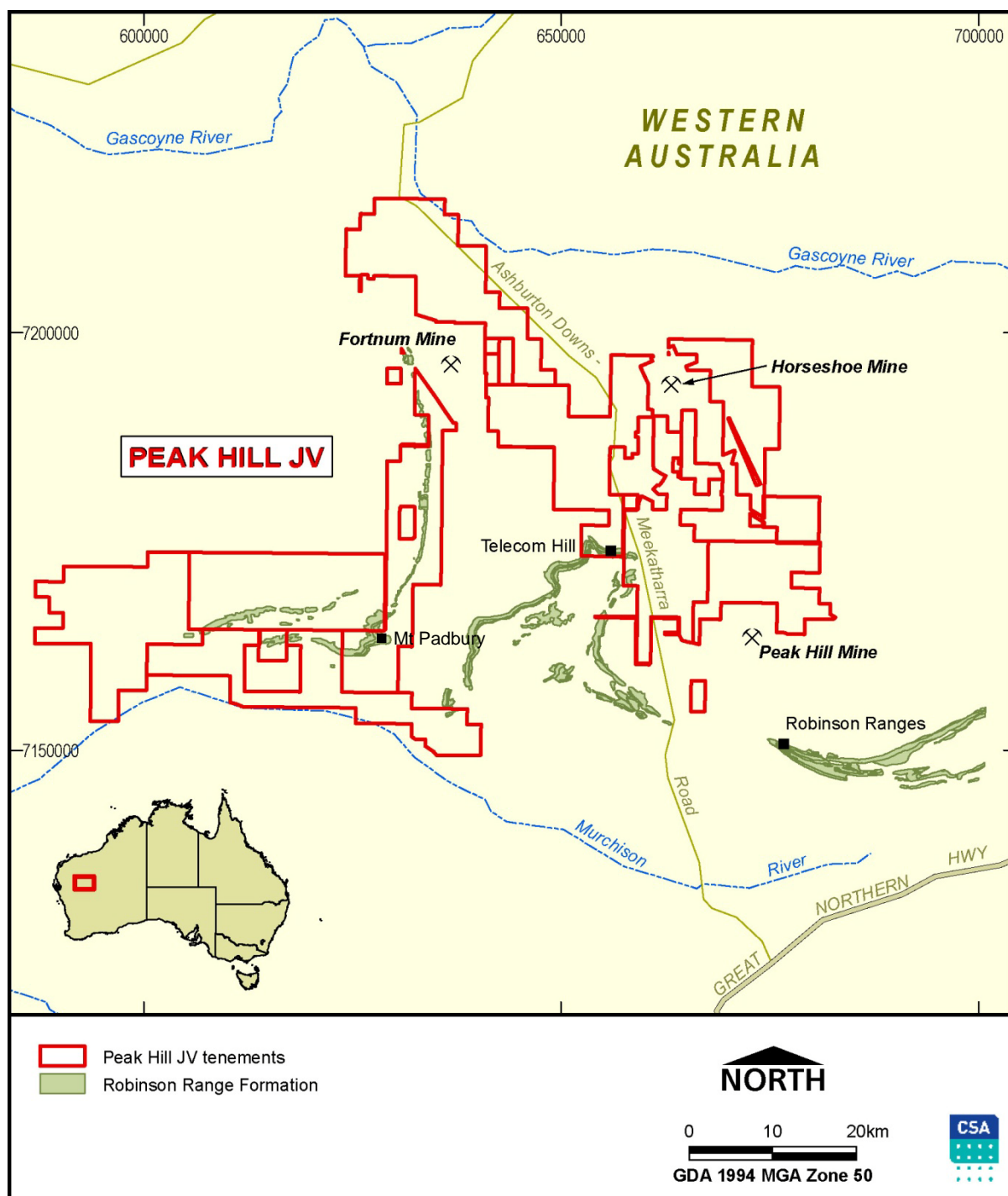


Figure 1. Project Location Plan

Telecom Hill East Drilling Program

The Telecom Hill East DSO drilling program was completed during November-February 2011 / 2012 and comprised 33 holes (TH109 – TH141) for a total of 3007m. All holes were drilled at an inclination of -60° to a nominal depth of 100m and had varying directions depending on the strike of BIF stratigraphy.

These latest (and final) results from the Telecom Hill drilling program further emphasise the potential of the deposit and have expanded the mineralised zone to the west. The results support the aeromagnetic interpretation that suggests more mineralisation is likely to occur to the east and west.

The DSO drilling program at the Telecom Hill East target area shows a band of hematite-goethite enrichment occurs in one of the main BIF units within the Robinson Range Formation. The DSO mineralisation extends over a strike length of 1300m to a maximum known depth of 100m (down hole).

All holes were sampled at 1m intervals and analysed for a standard iron suite using fused disc XRF and LOI by TGA at ALS Laboratories in Perth. All assays for this program have now been received.

Program Results

The Telecom Hill East drilling program indicates the mineralised zone extends approximately 1300m to depths of up to 100m (down hole). The mineralisation occurs as massive hematite and goethite enrichment within the BIF and is most likely the 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 west and southeast (Figure 2). The best intercepts from recent results are displayed in Table 1. The mineralisation has mostly low alumina values and highly variable silica and phosphorus values. LOI values vary according to the relative quantities of hematite and goethite.

A number of key target areas have not been adequately tested to date due to heritage restrictions and difficult access due to steep topography. The mineralisation in the area of holes TH109-113 needs more work as these holes were drilled down dip to avoid heritage sites. These targets will form part of the next round of drilling to better define the DSO deposits in this area.

Now that all of the results have been received, modelling and JORC compliant mineral estimation work has commenced. Independent geological consultants CSA Global Pty Ltd are completing the work.

Table 1. Recent significant intercepts from Telecom Hill and Mt Padbury DSO RCP Programs

Hole ID	Thickness (m)	From (m Down hole)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI % (1000°)
TH133	10	19	57.69	9.973	1.712	0.209	4.7
TH133	7	43	52.78	12.161	2.434	0.412	8.56
TH137	11	7	53.53	6.604	6.53	0.213	8.53
TH137	27	37	57.76	10.47	2.31	0.31	3.30
TH141	34	15	57.27	7.936	5.683	0.244	3.52
TH141	23	57	61.43	5.333	2.865	0.252	2.93
TH130	8	14	51.15	8.35	7.14	0.171	8.79
TH130	8	25	53.03	7.146	5.795	0.209	9.78
TH134	10	8	52.01	11.54	6.035	0.094	7.25

NB: Significant intercepts are those longer than 6m, greater than 50% Fe with up to 3m internal dilution. HMP are Mt Padbury Holes, TH holes are Telecom Hill

Peak Hill Iron Project 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, a number of small DSO deposits have been investigated to compliment the magnetite project.

The JV partners have committed to the rapid evaluation of the prospect, which to date has included surface rockchip 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.

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.

The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Shi has sufficient experience 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 Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears.

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