

## Quarterly Activities Report Quarter ended 30 June 2011

### 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
- **CSA Global appointed to undertake concept study on flagship Peak Hill Iron JV in Western Australia's Mid West Region**
  - Study will provide baseline assessment of capital and operating expenditure
  - Propose methods for mining, processing, transport and sale of products
- **Mapping has delineated two significant areas of high-grade hematite outcrop at Telecom Hill**
  - Three rock chip samples collected during mapping show high iron grades (60-65% Fe) are present and warrant immediate follow-up with drilling
  - Resource evaluation drilling programs are scheduled to commence in Q3 2011
- **Program of Work application approved by Department of Mines and Petroleum for 3,900 metres of RC drilling at Telecom Hill**

The JV partners, **Aurium Resources Limited ("Aurium")**(ASX Code: **AGU**) and its joint venture partner Padbury Mining Limited ("Padbury") (ASX Code: PDY), appointed contract geologists CSA Global Pty Ltd to undertake a concept study on the Joint Venture's highly prospective Peak Hill Iron Joint Venture in Western Australia's Mid West region.

The study will assess the mining potential of Peak Hill's magnetite ore resource and assist in defining future stages of project development. The appointment of CSA Global follows the defining of an 850Mt maiden inferred JORC resource at 27.3% Fe. An extended drilling program, approved by the Department of Mines and Petroleum, will be undertaken in Q3 2011 to further define this resource.

The study will include:

- Assessment of most suitable mining and processing methods
- Assessment of infrastructure required to get ore to market
- Proposed methods for mining, processing, transport and sale of products
- Assessment of marketability and sale-ability of the products
- Estimate of capital and operating expenditure (based on available data and level of study)

The study is expected to be completed in the September 2011 quarter.

The Peak Hill Iron Ore Project is on track with all Year One development targets, with a comprehensive program of work defined for future development.

Heritage surveys have been undertaken at all proposed drill sites.

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 the conceptual mining study.

The Davis Tube Recovery (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.

### **Telecom Hill**

#### **Davis Tube Recovery Results**

DTR test work has returned excellent results for the Peak Hill Iron Project. 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 DTR analysis focused on the Banded Iron Formation (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).

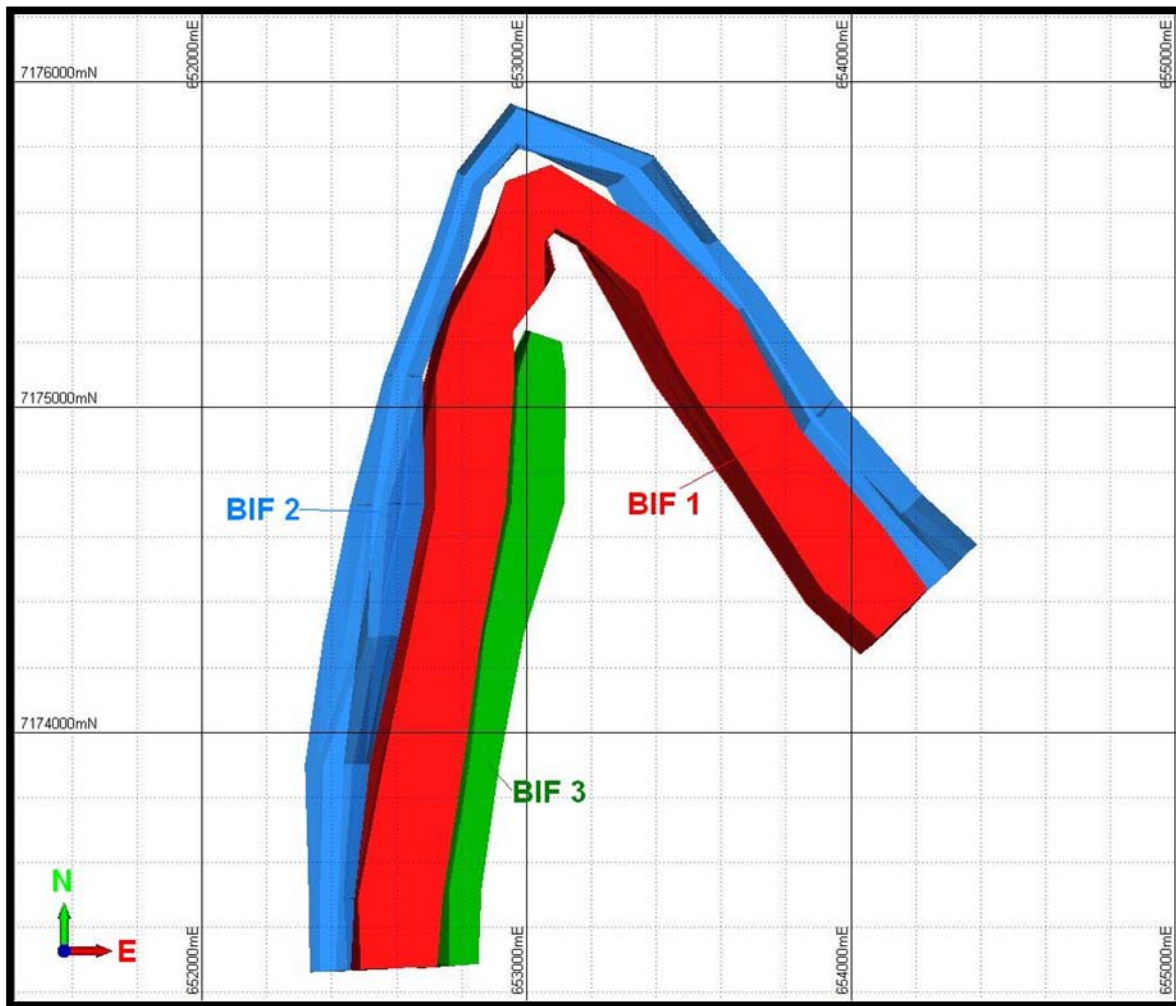
As part of the evaluation program 1,597 four-metre composite samples, from 46 holes, were submitted for DTR analysis. Approximately 80% of the DTRs were collected from BIF 1, since this is the main target for the evaluation programs at Telecom Hill. The remaining 20% of samples were collected from BIF 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 modelling 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.

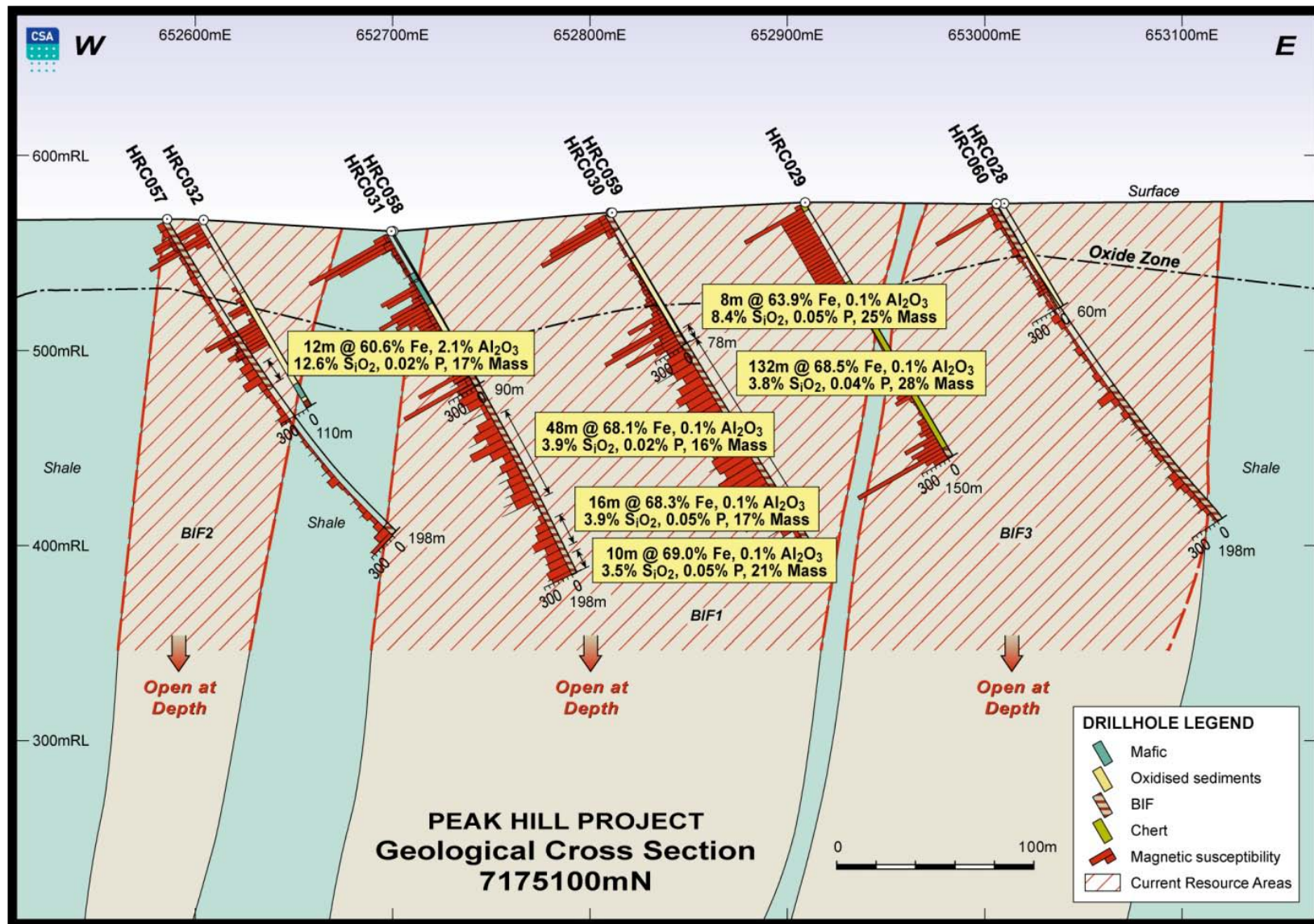


Figure 2 . Schematic cross section through the Telecom Hill deposit at 7175100mN



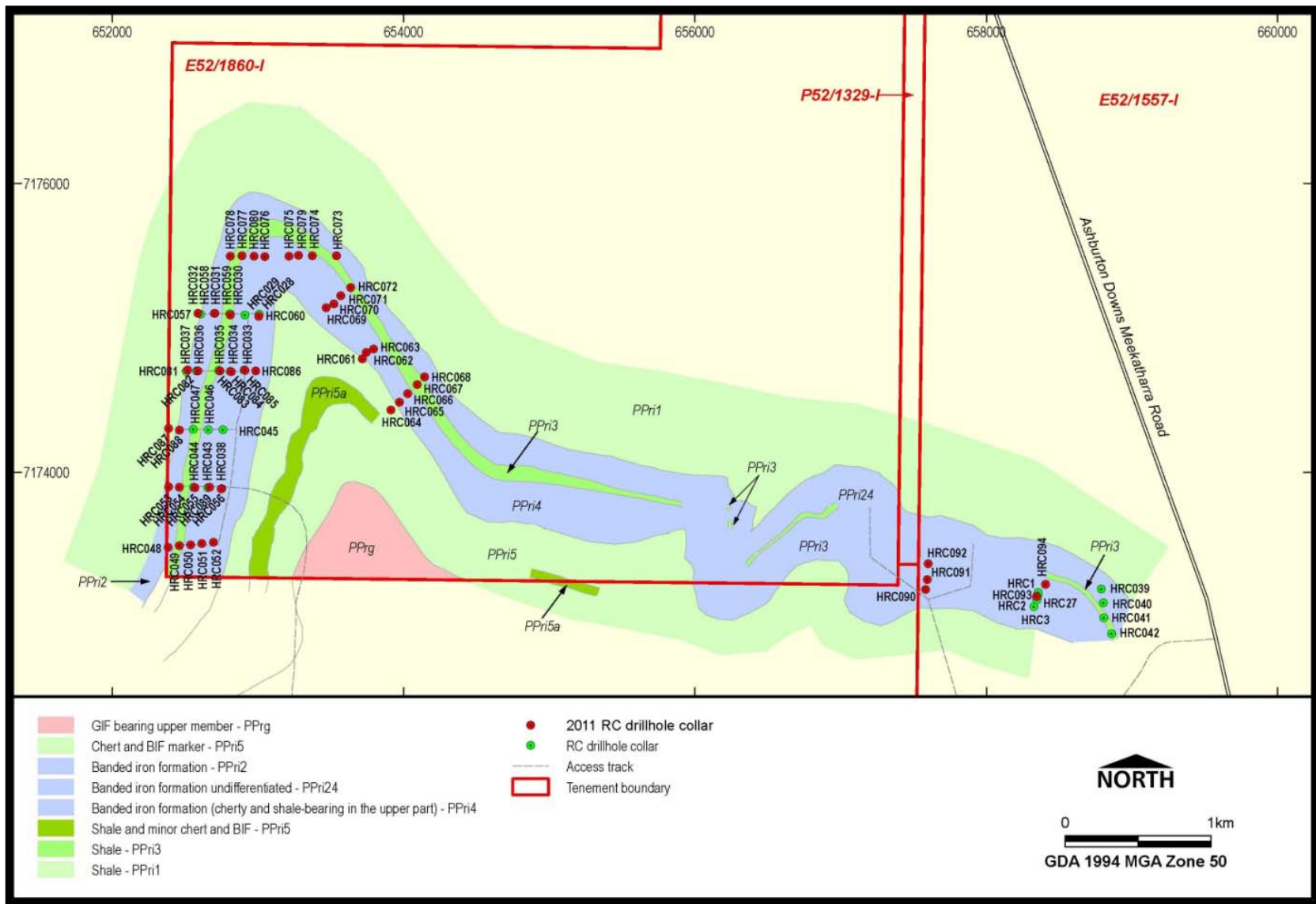


Figure 3 . Project and collar location plan

**Table 1. Significant intercepts from BIF 1 DTR test work**

Hole_ID	BIF Unit	From	To	Int	Conc Fe %	Conc Al <sub>2</sub> O <sub>3</sub> %	Conc SiO <sub>2</sub> %	Conc P %	Conc Mass Rec %
HRC030	BIF1	70	78	8	63.91	0.15	8.40	0.05	24.69
HRC035	BIF1	72	80	8	66.27	0.13	6.04	0.05	26.30
HRC045	BIF1	86	94	8	62.68	0.20	8.63	0.07	21.54
HRC046	BIF1	208	216	8	65.14	0.21	7.31	0.07	23.34
HRC047	BIF1	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 <sub>2</sub> O <sub>3</sub> %	Conc SiO <sub>2</sub> %	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

### Drilling Program

During the quarter, the Joint Venture received approval from the Department of Mines and Petroleum to conduct 3,900 metres of in-fill drilling at Telecom Hill. A heritage survey was completed and upon receipt of approval from the JidiJidi this tenement (E52/1557) will be ready for drilling.

Upcoming work will be directed at increasing the existing 850mt Inferred JORC Resource at 27.3% Fe and to upgrade from the Inferred to Indicated category for some of the mineralisation assessed previously by CSA Global.

The proposed drilling program will cover some 39 holes (See Figures 4 & 5).

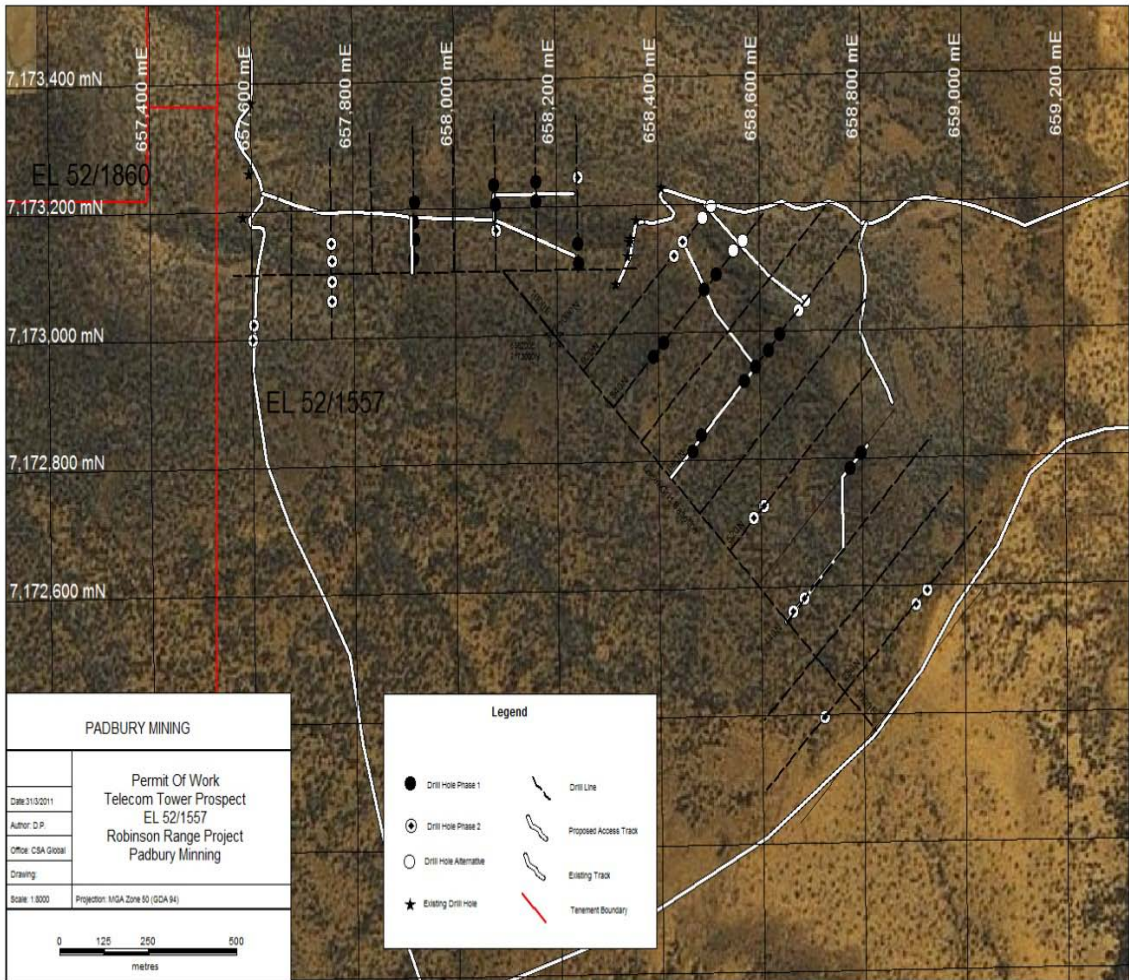
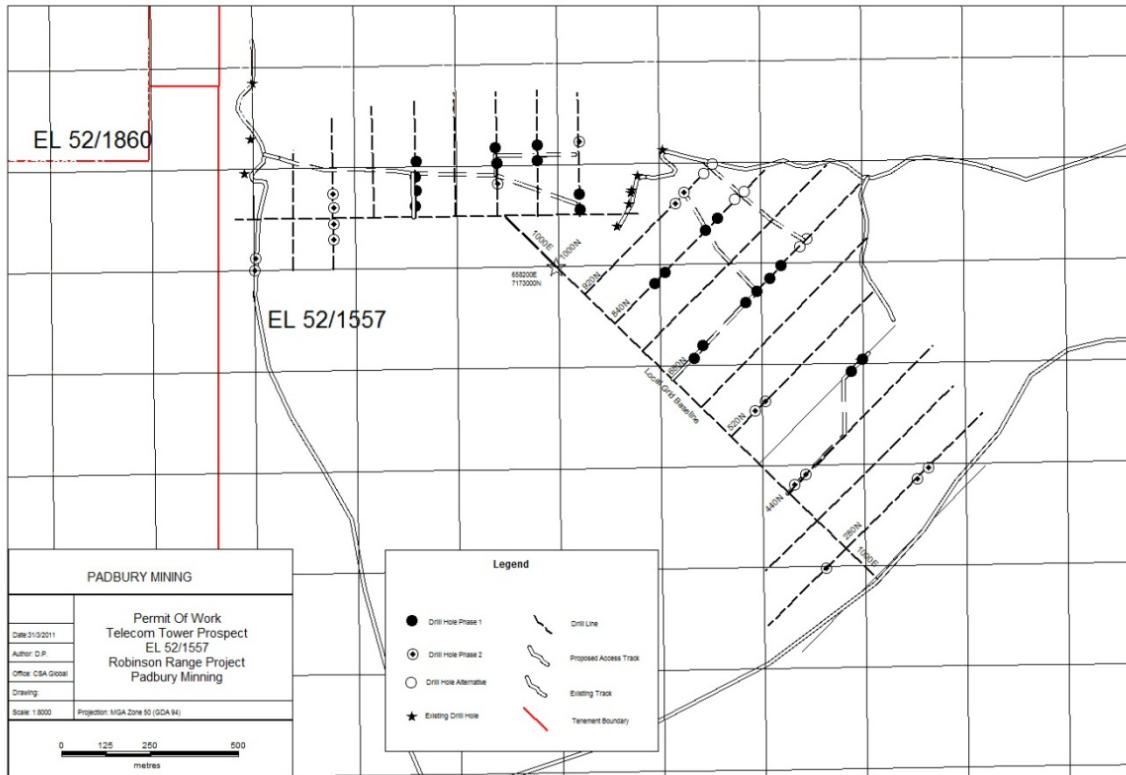


Figure 4: Proposed Drill Holes, Google View





**Figure 5: Proposed Drill Holes – Telecom Hill**

During the quarter, two new significant areas of high-grade hematite outcrop were identified. The new mineralisation was identified during a program of geological mapping and high-resolution aeromagnetic surveys (See Figures 6 and 7).

The two new DSO target areas overlay the main Telecom Hill magnetite deposit and provide a significant new drilling target.

Resource evaluation programs have been designed targeting these hematite prospects and will be implemented as part of the next phase of drilling planned to start in Q3 2011.

The two areas extend over a strike length of 300m and have average thickness at surface of 100m and 50m. Three rock chip samples collected during mapping show high iron grades (60-65% Fe) are present and warrant immediate follow-up with drilling. An incised valley that cuts through the larger outcrop area shows the hematite mineralisation is at least 20m thick and not just surface enrichment. Drill tests of these targets will occur as part of the upcoming programs planned to start in Q3 2011.

The heritage survey work completed to date has not highlighted any significant sites within the planned exploration areas at the Telecom Hill and Mt Padbury DSO target areas. Both drill programs are in the process of being cleared for drilling by the Traditional Owners. The JV partners continue to liaise closely with the Traditional Owners on all aspects of project work and will be undertaking a more widespread survey of the Telecom Hill project in the coming quarter.

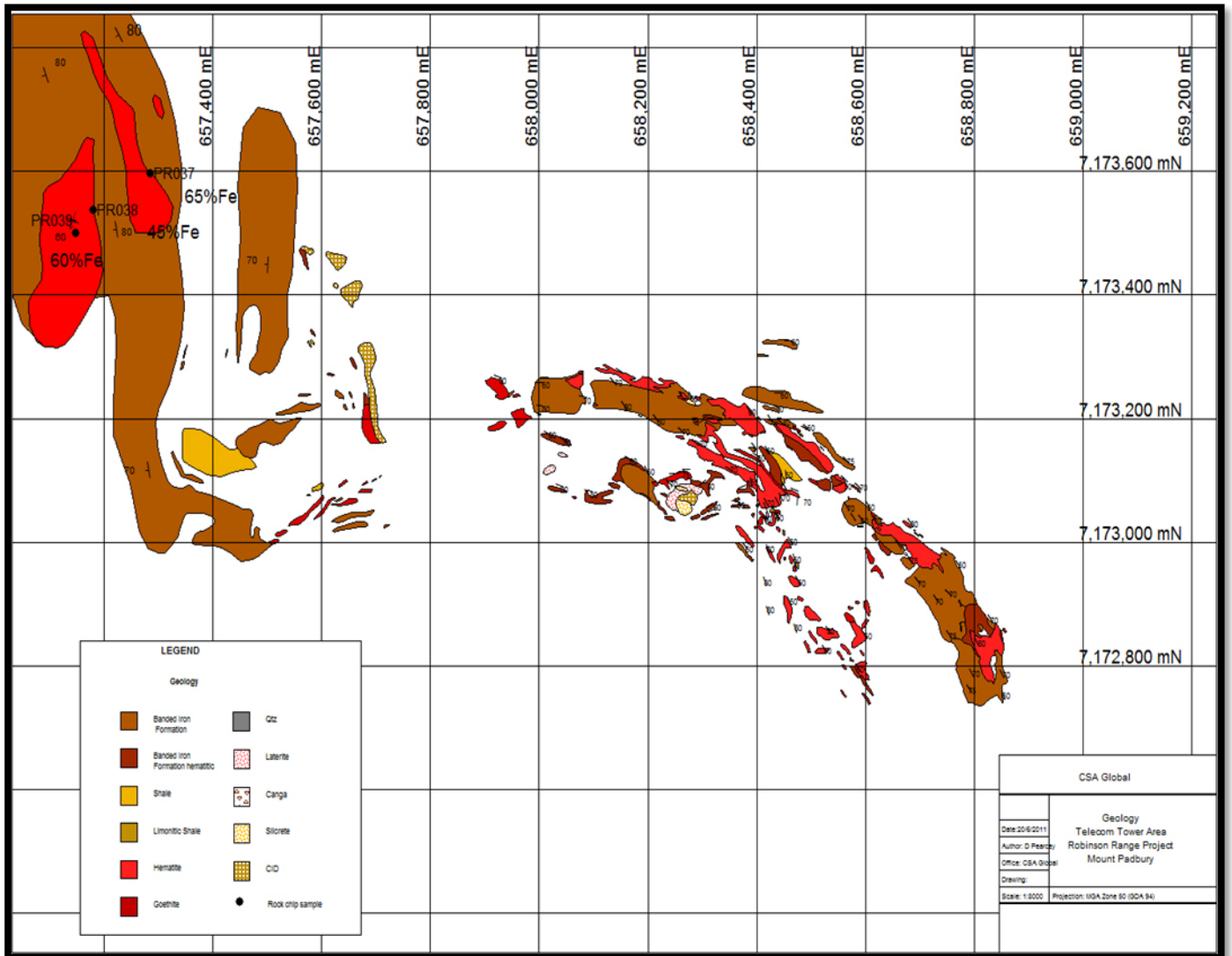


Figure 6: DSO Target Area

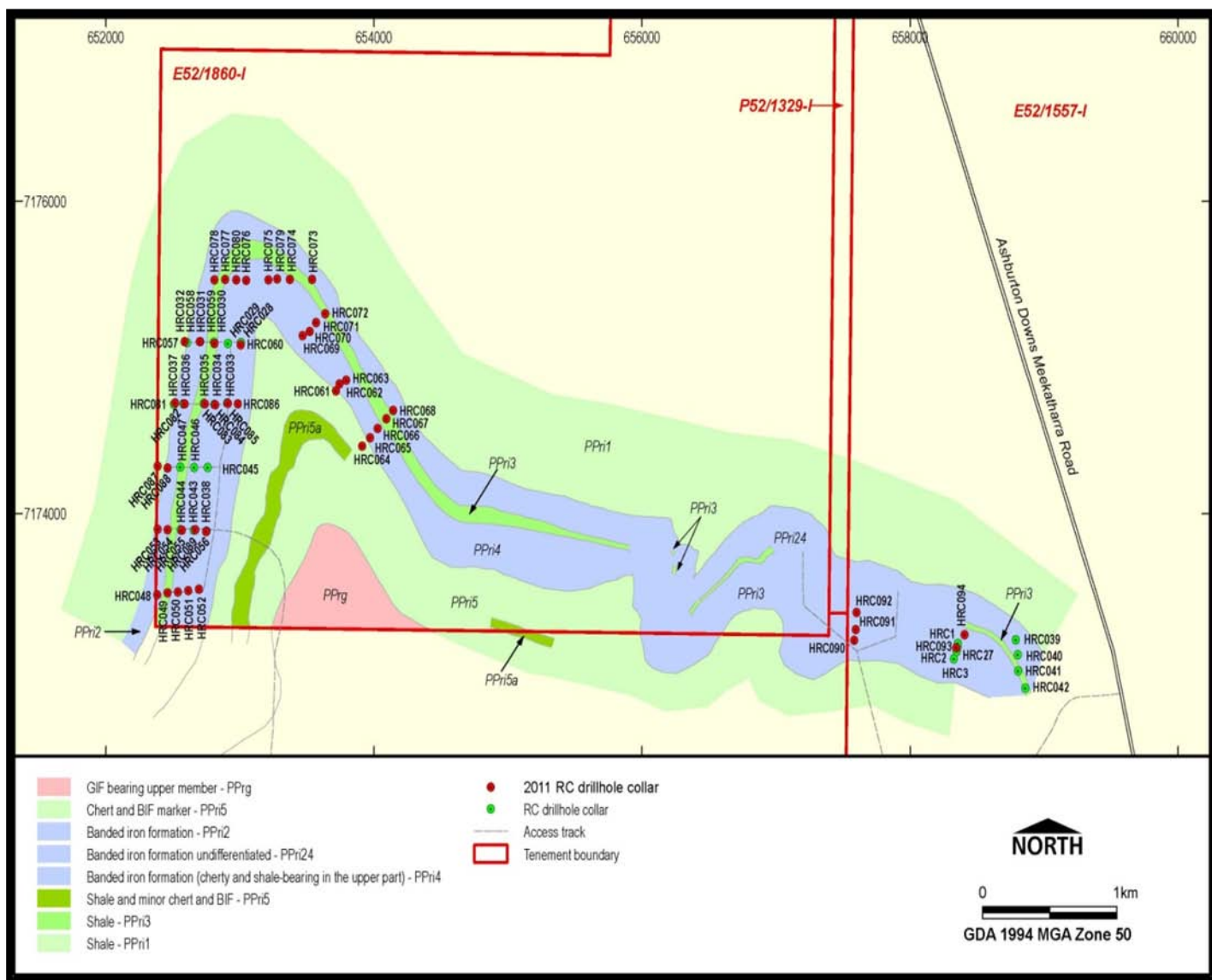


Figure 7: Geological Mapping

## Mt Padbury

Following the recent highly successful geological mapping program conducted on the Peak Hill project near Mt Padbury within exploration licence E52/2279 which highlighted two deposits of high grade haematite-goethite mineralisation the joint venture partners commenced a heritage survey of the tenement in readiness for the first drilling program on Mt Padbury.

Programs of Work applications were submitted to the Department of Mines and Petroleum for a new drilling program at Mt Padbury (EL52/2279).

The mapping identified two potentially significant haematite prospects near Mt Padbury. A total of 22 surface rockchip samples were taken at the haematite outcrops and these samples gave iron grades ranging from 51.8–63.2% Fe.

CSA's mapping also located an area with potential for a large magnetite deposit to the northeast of Mt Padbury. This discovery potentially provides significant upside to the 1.5–2.0 billion tonne exploration target<sup>1</sup>, grading 25%–35% Fe interpreted to be present at the Telecom Hill Prospect.

**For further details please contact:**

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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.*

*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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<sup>1</sup> NOTE: This potential quantity and grade is conceptual in nature and there has been insufficient exploration to fine a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**Aurium Resources Limited**

ABN

**63 123 821 929**

Quarter ended ("current quarter")

**30 June 2011**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(4)	(679)
(b) development	-	-
(c) production	-	-
(d) administration	(266)	(1,191)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	96
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST paid to be recouped)	(7)	(16)
<b>Net Operating Cash Flows</b>	<b>(252)</b>	<b>(1,790)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	696
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(1)</b>	<b>695</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(253)</b>	<b>(1,095)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(253)	(1,095)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	149
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	149
	<b>Net increase (decrease) in cash held</b>	(253)	(946)
1.20	Cash at beginning of quarter/year to date	2,784	3,477
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,531</b>	<b>2,531</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	97
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	950
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>1,150</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	257	523
5.2 Deposits at call	2,274	2,261
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,531</b>	<b>2,784</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	301,800,002 70,000,000	301,800,002	\$0.02	Fully Paid Partly Paid \$0.0001
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	108,800,000 5,333,333 5,333,333 5,333,334	108,800,000	<i>Exercise price</i> \$0.035 \$0.05 \$0.08 \$0.11	<i>Expiry date</i> 30 September 2012 1 September 2011 1 September 2012 1 September 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

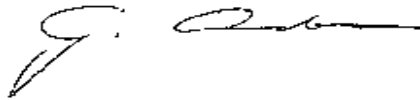
+ See chapter 19 for defined terms.



7.12	<b>Unsecured notes</b> (totals only)		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~\* (delete one) give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29 July 2011  
Company secretary

Print name: GRAHAM DOUGLAS ANDERSON

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.