

Further evaluation drilling at Peak Hill Iron Project defines thick and continuous magnetite mineralisation

Highlights:

- **A 47 hole, ~10,000m evaluation drilling program was completed in December 2010 with very positive results.**
- **The program tested a 4km section of the total 10km strike of the Telecom Hill exploration target area and demonstrates magnetite mineralisation is continuous over the entire tested length.**
- **Geological data indicates that two major BIF units are present; one ranges from 200m to 250m true thickness and the other unit averages 80m true thickness. Both units show excellent geological and grade continuity.**
- **Results for the final 20 holes (HRC075 – HRC094) included many excellent magnetite intercepts, including 198m @ 31.49% Fe, 47.70% SiO₂, 1.32% Al₂O₃ and 0.19% P from surface in hole HRC076.**
- **Resource modelling of the geological data and laboratory XRF results has begun and resource estimation will commence when all of the Davis Tube Recovery (DTR) results are available. As a consequence of laboratory delays, the maiden JORC will be delivered in February.**

The JV partners, Padbury and Aurium Resources Limited, are pleased to announce the successful completion of evaluation drilling at the Telecom Hill prospect, part of the Peak Hill Iron Project. The drilling program was designed to assess the potential of approximately one third of the 1.5–2.0 billion tonne exploration target¹, grading 25%–35% Fe interpreted to be present at the Telecom Hill Prospect. The principle aim of the program was to collect enough data to allow estimation of a maiden Mineral Resource.

The program has returned excellent results, confirming the presence of continuous high-grade magnetite mineralisation over the entire 4km section tested by drilling. The drilling has delineated two continuous BIF units. The larger unit has true thickness ranging from 200m to 250m thick and is separated from a thinner BIF averaging 80m thickness by a 50m thick band of shale. The units are folded into a large overturned synclinal structure which dips at ~65° to the southwest (see Figure 1).

All XRF analytical data for the drilling program has been received and resource modelling has commenced.

¹ 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.

Based on the drilling results, field mapping and geophysics the main BIF units are interpreted to continue along strike to the east through the remainder of the Telecom Hill prospect area.

Program Details

At completion, the evaluation drill program comprised 47 reverse circulation (RC) percussion drill holes (HRC048 – HRC094) for a total of 9,474m. The drill holes were completed at approximately 80m centres on drill lines spaced 400m apart. The drill lines are oriented perpendicular to the BIF stratigraphy (see Figure 1) and the holes inclined at -60° to -80° to intersect the BIF at an oblique angle. Drill holes ranged from 153 to 250m in total depth.

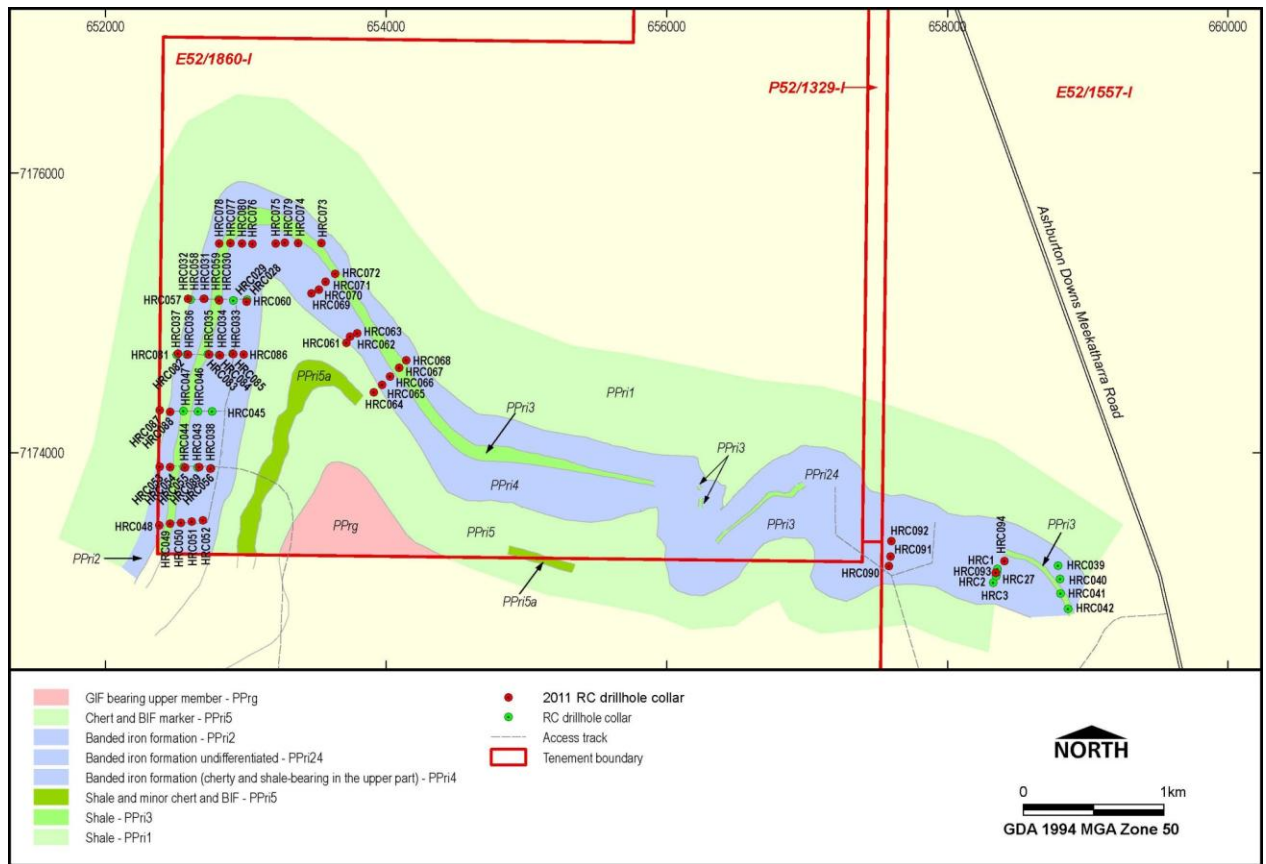


Figure 1. Collar location plan showing recent and historic drilling

The program focussed on the western end of the Telecom Hill ridge, following-up the excellent results achieved in this area during initial exploration drilling earlier in 2010 (see Figure 1 and 2). The previous drilling intersected magnetite-bearing BIF within the Robinson Range Formation and achieved a best intercept of 198m at 34.2 % Fe, from surface in hole HRC61 (previously reported).

Results

The recently completed evaluation drilling program at Telecom Hill has confirmed the presence of a large magnetite deposit. The drilling has shown the Robinson Range BIF stratigraphy to be continuous along strike and at depth in the tested area. The main target BIF unit is typically between 200m to 250m in true thickness and has relatively uniform iron grades in the magnetite-bearing sections (see Figures 2-4).

The XRF analytical results for the final twenty holes, HRC076 to HRC094, have been received from Spectrolab Laboratories in Geraldton. A best intercept of 198m @ 31.49% Fe, 47.7% SiO₂, 1.32% Al₂O₃ and 0.19%P was returned from surface in HRC076 (see Figure 4). Most of the other holes had similar results, significant intersections are shown in Table 1 below.

Table 1. Significant intersections from drill holes HRC076-HRC094

Hole_ID	From (m)	To (m)	Interval (m)	Fe_%	Al ₂ O ₃ _%	SiO ₂ _%	P_%
HRC076	0	198	198	31.49	1.32	47.70	0.19
HRC077	24	250	226	31.72	3.03	40.65	0.13
HRC078	104	198	94	27.90	3.45	47.41	0.13
HRC079	0	132	132	29.67	2.54	46.74	0.09
HRC079	184	196	12	20.24	6.72	50.96	0.14
HRC080	0	52	52	31.61	3.13	44.43	0.18
HRC080	56	198	142	28.88	1.67	45.38	0.22
HRC082	0	52	52	28.68	9.38	42.12	0.07
HRC082	96	200	104	27.02	3.24	45.84	0.11
HRC082	204	248	44	28.61	1.36	46.31	0.19
HRC083	0	176	176	29.29	1.71	42.32	0.15
HRC084	0	104	104	31.41	2.24	46.37	0.12
HRC085	0	196	196	25.43	3.61	48.40	0.09
HRC086	0	12	12	43.32	6.16	21.02	0.10
HRC086	16	72	56	27.02	4.20	46.63	0.06
HRC086	108	156	48	26.35	4.41	45.08	0.08
HRC087	0	36	36	35.74	11.18	28.44	0.05
HRC087	104	198	94	24.01	4.15	51.81	0.30
HRC089	0	100	100	34.54	1.76	42.98	0.17
HRC089	132	210	78	24.74	3.17	45.93	0.08

HRC090	0	198	198	33.10	4.27	38.45	0.49
HRC091	0	92	92	29.34	3.76	45.79	0.56
HRC093	0	128	128	48.56	3.42	23.63	0.11
HRC093	132	148	16	28.66	4.65	46.34	0.11
HRC094	0	40	40	27.28	5.89	48.51	0.08
HRC094	120	188	68	24.89	3.65	49.53	0.25

NB: intercepts down hole based on four-metre composites, 20%Fe cut-off with up to 2 samples of internal dilution

All 4m composite drill hole samples were analysed by fused disc XRF for a standard iron suite of elements (Fe, SiO₂, Al₂O₃, P, Mn, S, MgO, CaO, TiO₂, Zn and LOI).

The average grade for the main BIF samples returned to date is 29.96% Fe, 43.8% SiO₂, 1.94% Al₂O₃ and 0.16% P. Whilst the phosphorus levels are somewhat elevated, preliminary DTR testwork completed during the earlier drill program demonstrates this is reduced to low levels during magnetic separation.

Based on the magnetic susceptibility and iron grade a number of samples have been selected for further analysis by DTR to assess the extent to which the magnetite can be recovered from the BIF. Results of the DTR work are pending and once available work will be finalised on the maiden JORC estimate for the project.

Telecom Hill Prospect

In 2009, the Peak Hill Project JV partners recognised the potential of the Telecom Hill Prospect 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 rockchip sampling; material 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.

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Competent Persons Statement

The Exploration Results 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.

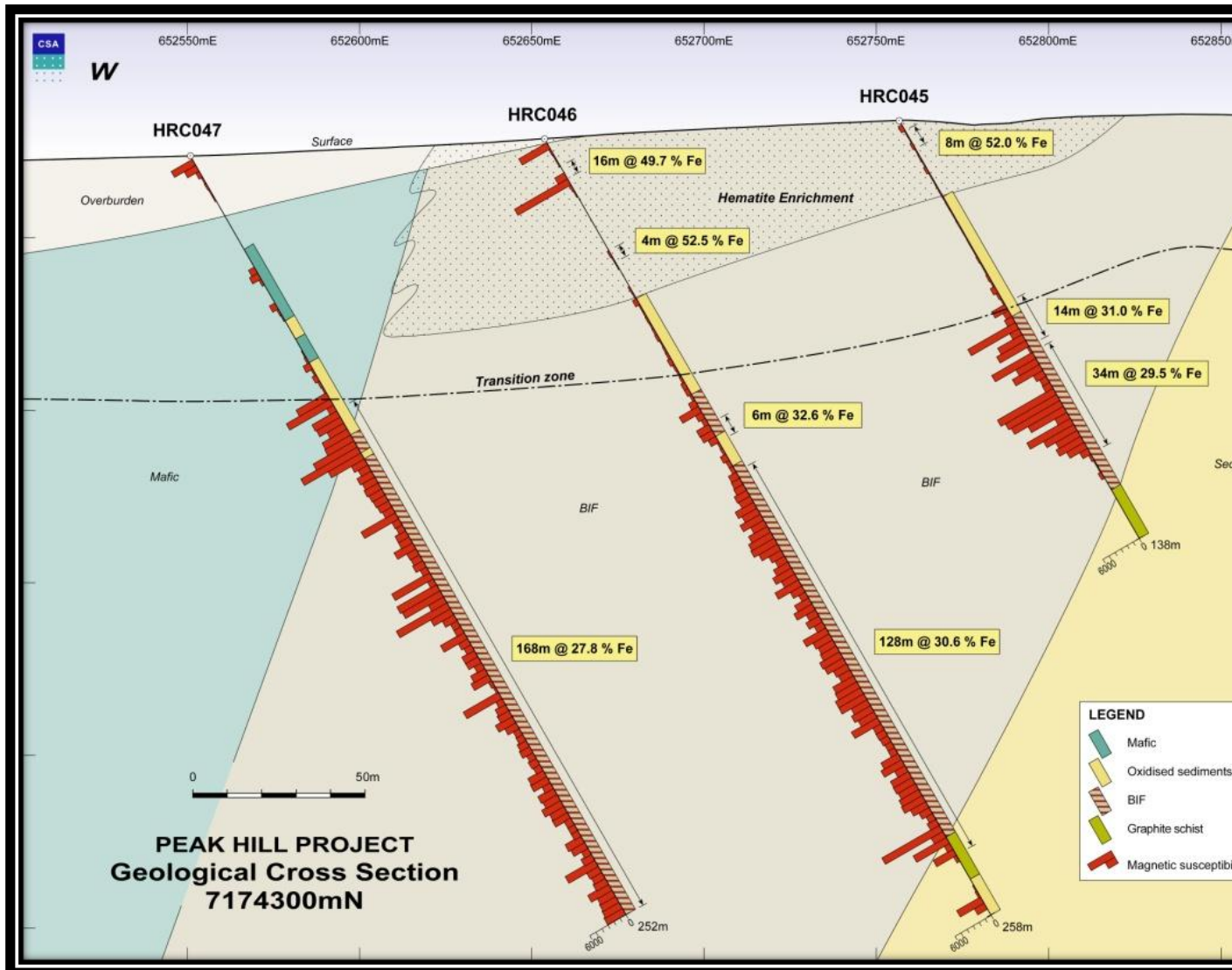


Figure 2. Schematic cross section 7174300mN from earlier 2010 drilling

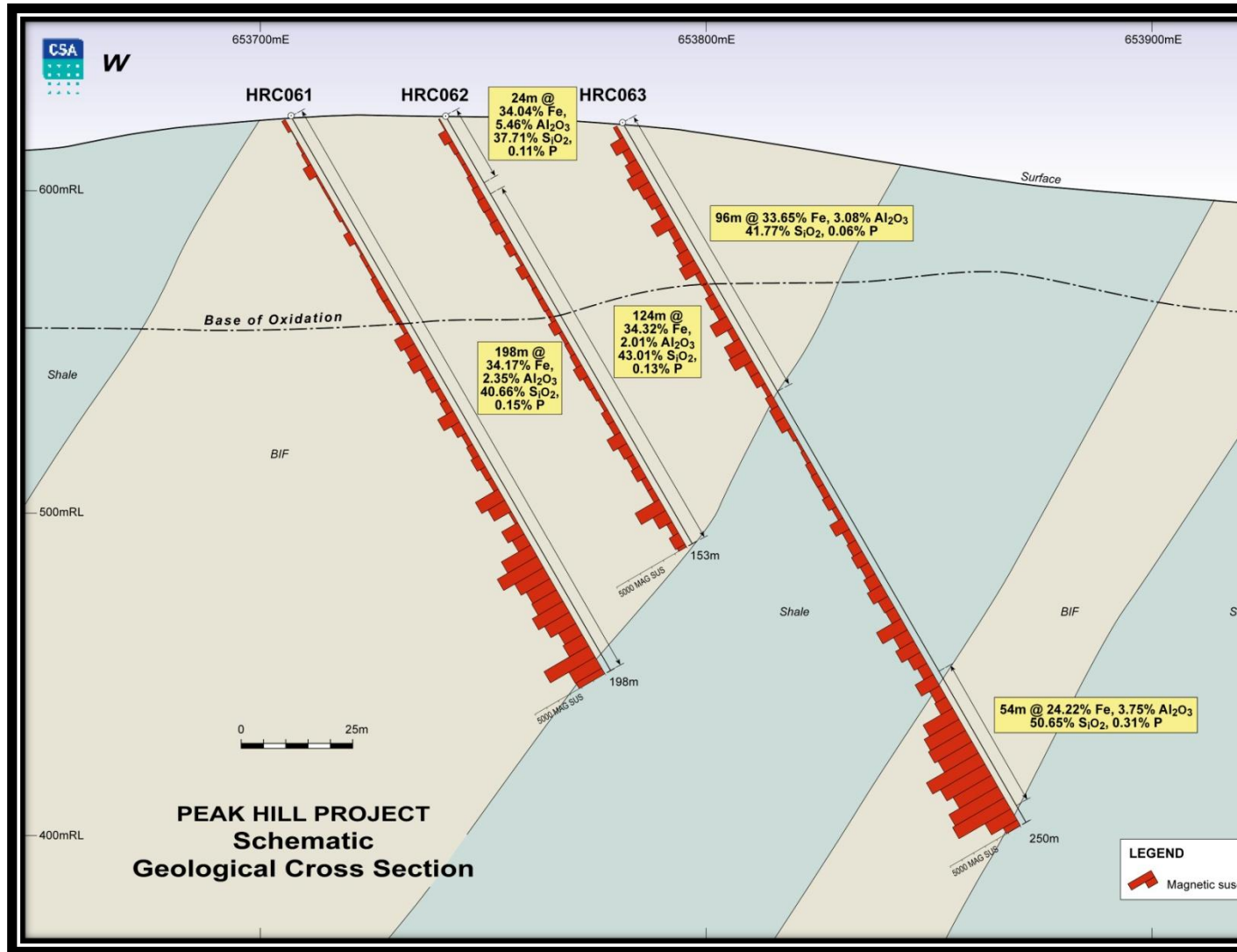


Figure 3. Schematic cross section 7175100mN

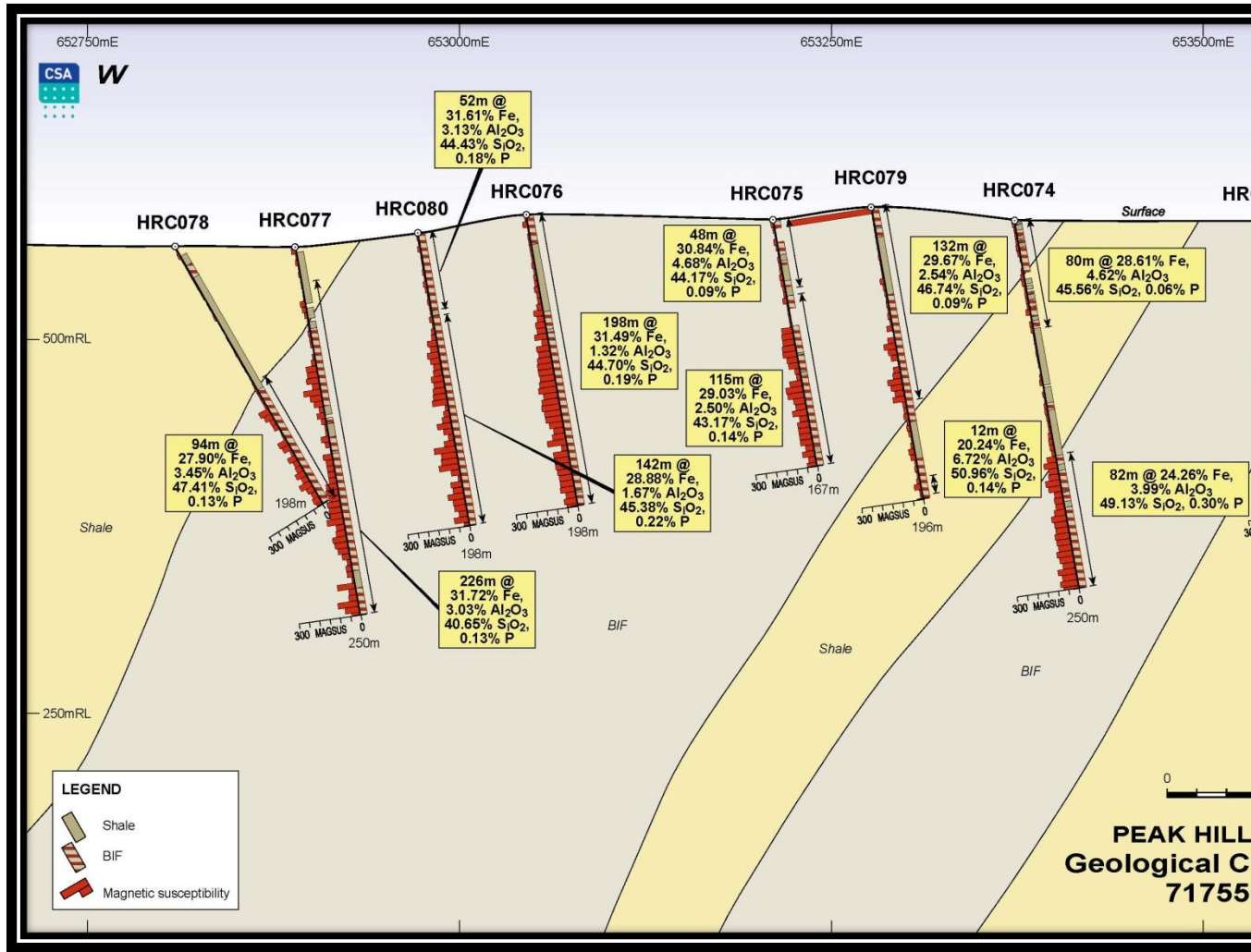


Figure 4. Schematic Cross section 7175500mN