

Quarterly Activities Report

Quarter ended 30 June 2012

Highlights:

- **Maiden Inferred DSO Mineral Resource of 11.5Mt grading 58.55% Fe estimated at the Telecom Hill Deposit.**
- **Recent reconnaissance mapping highlighted new area of potential DSO mineralisation with rock chip samples demonstrating multiple high-grade hematite-goethite mineralised outcrops - highest grade sample of 62% Fe, 5.37% SiO₂, 1.37% Al₂O₃ and 0.034% P.**
- **Diamond core and RC drilling improved confidence in Current Inferred Resource model, new magnetite resource estimation commenced.**
- **These all add to the potential economic exploitation of Peak Hill.**

Direct Shipping Ore (DSO)

More highly encouraging results from the DSO evaluation drilling program at the Telecom Hill East prospect, part of the Peak Hill Iron Project Joint Venture ("JV" or "Project") were also announced. The reverse circulation percussion ("RCP") drilling program was successful at targeting hematite and goethite enrichment of the Robinson Range Formation and resulted in the announcement of its Maiden JORC compliant resource of 11.5Mt @58.55% Fe.

The drilling demonstrated that the mineralisation is continuous over 1300m and extends beneath cover and remains open to the west and southeast.

The JV partners are progressing with evaluation of additional DSO deposits at Telecom Hill and Mt Padbury.

The potential for the identification of additional resources in the Telecom Hill area is high. A total of 11.5 Mt @ 58.5% Fe has been estimated as Inferred in this Mineral Resource update, this in itself offers immediate targets for closer spaced drilling which are likely to upgrade this resource. The mineralisation is open to the east and west which provides opportunities to expand the resource.

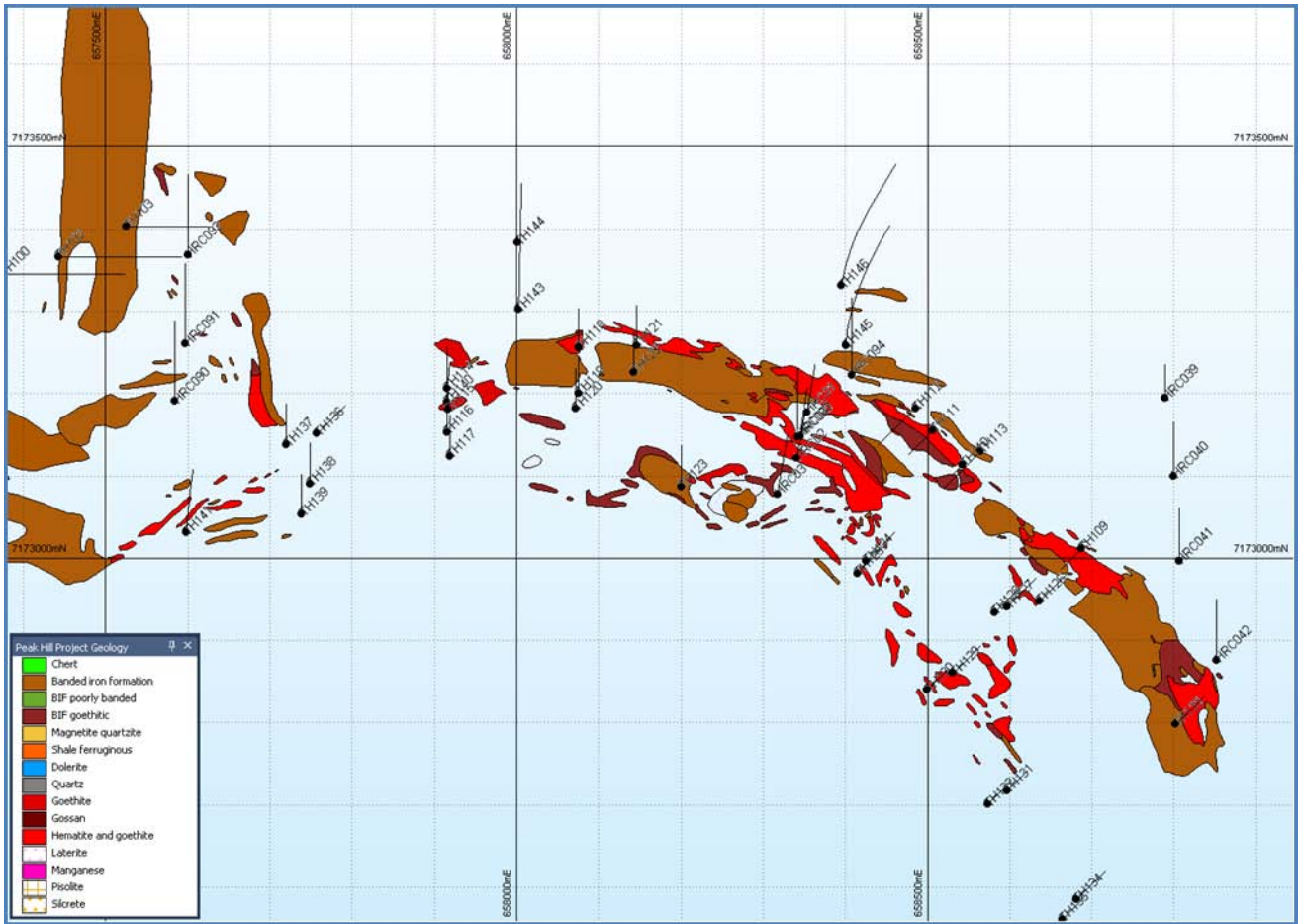


Figure 1. Telecom Hill East Prospect geological map with drill hole locations.

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 results from the Telecom Hill drilling program further emphasised 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 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 yet to be tested to date due to steep topography. The mineralisation in the area of holes TH109-113 also needs further targeting. These will form part of the next round of drilling to better define the DSO deposits in this area.

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

Magnetite

Drilling at the Telecom Hill West (THW) target demonstrated magnetite mineralisation is continuous and high-quality concentrate is achievable. At Telecom Hill East (THE) the drilling program successfully delineated additional magnetite deposits by targeting prospective areas recognised in the detailed aeromagnetic survey flown in 2011. This new area extends over a strike length of 1.6km, is 120-150m thick and extends to depths of 240m below surface.

The success of these programs further enhances the resource potential of the Peak Hill Iron project and provides a strong basis for continued exploration within the tenement holding. A number of other significant magnetite targets have been recognised and will be targeted with resource evaluation programs in the future. Resource estimation work has commenced to update the THW Inferred Resource and to estimate new resources at Telecom Hill East.

All drill holes were geologically logged and had magnetic susceptibility readings taken throughout the hole. Using this data the site geologist determined the base of oxidation and four-metre composite samples were collected below this point to the end of hole. The samples were dispatched to ALS Laboratories in Perth for fused disc XRF analysis for a standard iron suite. All samples also underwent Davis Tube Recovery (DTR) analysis at P80 38 microns. A total of 233 composite samples were analysed.

A number of QA_QC procedures were implemented including the use of field duplicates and certified reference materials at rate of 1 in 20 samples. At completion, approximately five percent of the samples were sent to alternate lab (Ultratrace) for analyses. No significant errors were noted in the QA-QC data.

The DTR test work is now complete with very encouraging results which demonstrated the main BIF 1 target unit at Telecom Hill West (Figure 3) can produce high-quality concentrate of greater than 65% Fe, with mass recoveries in the order of 20-25%, and low impurities (Table 2). This confirms the results of previous work completed in 2010 and 2011.

At Telecom Hill West all of the samples were collected from within the main BIF 1 unit. The DTR results confirmed that BIF 1 contains the best grade and best continuity of magnetite mineralisation so far located within the Peak Hill Project. It also demonstrated a high degree of continuity when compared with the Inferred Resource geology model, which should translate to resource upgrade in the tested areas. Table 2 below lists all of the BIF 1 intercepts with DTR data above 60% Fe and with mass recoveries greater than 10% within the Telecom Hill project (with up to 8m of internal dilution).

Telecom Hill East was targeting a BIF unit which was recognised from the recent detailed aeromagnetic survey as having high prospectivity for magnetite. All four holes intersected the BIF horizon which indicate the unit is between 120m and 150m thick and dips to the south at 70-80° (Figure 5). The targeted magnetite bearing BIF occurs directly adjacent to the north of the BIF that hosts the DSO mineralisation at THE and is part of the Robinson Range BIF stratigraphy.

The XRF and DTR analyses demonstrate the material upgrades well. Although the DTR concentrate is somewhat lower grade than the BIF 1 Unit at THW and indicates a finer grind may be required for further test work to optimise the grade of the concentrate.

Table 2. Significant intersections from 2011-2012 drilling

Hole ID	Prospect	Hole Type	From (m)	Interval (m)	Fe % Head	Fe% Conc	SiO2 % Head	SiO2 % Conc	Al2O3 % Head	Al2O3 % Conc	P% Head	P% Conc	% Mass Rec Conc
MT	TH	DDH	90	64	27.1	64.6	45.9	7.9	3.8	0.3	0.1	0.0	16.0
MT	TH	DDH	178	160	30.3	67.4	44.4	5.0	1.3	0.1	0.2	0.0	23.5
MT	TH	DDH	120	172	29.9	67.8	44.8	4.7	1.4	0.1	0.1	0.0	23.1
MT	TH	DDH	96	124	30.7	67.9	45.1	4.7	1.1	0.1	0.2	0.0	26.3
MT	TH	DDH	334	218	31.0	67.6	44.8	4.6	1.3	0.1	0.2	0.0	25.6
MT	TH	RC	140	28	30.0	68.7	42.4	3.7	1.5	0.1	0.1	0.0	16.7
MT	TH	RC	178	137	29.6	67.4	46.0	4.8	1.4	0.1	0.2	0.0	19.9
MT	TH	RC	74	120	31.8	68.5	44.8	4.1	1.1	0.1	0.2	0.0	25.1
MT	TH	RC	70	120	32.0	68.2	44.6	4.0	1.1	0.1	0.2	0.0	26.1
MT	TH	RC	120	156	30.0	68.2	46.1	4.4	1.2	0.1	0.2	0.0	23.1
MT	TH	RC	88	152	30.6	68.3	44.8	4.3	1.2	0.1	0.1	0.0	23.8
MT	TH	RC	60	218	30.4	67.9	46.7	4.2	1.1	0.1	0.2	0.0	24.2
TH	THE	RC	136	154	26.8	64.7	47.7	9.1	3.3	0.3	0.3	0.0	26.1
TH	THE	RC	86	112	27.8	63.7	46.0	9.7	2.9	0.4	0.4	0.0	30.9
TH	THE	RC	94	128	26.5	65.9	47.4	7.5	3.4	0.3	0.3	0.0	25.8
TH	THE	RC	112	44	28.2	64.3	45.3	7.8	3.3	0.3	0.4	0.0	29.3

Note: Significant Intersections are greater than 60% Fe concentrate with a mass recovery above 10% with up to 8m (two 4m composites) of internal dilution

This new area is very satisfying as it was discovered using first pass exploration techniques in an area of previously unknown mineralisation. Six rock chip samples were collected all with highly encouraging results. All six rock chip samples have high grade iron and low deleterious element chemistry (Table 3).

Table 3. Rock Chip summary table

Sample ID	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI 1000
RC01001	60.02	5.54	2.73	0.056	4.72
RC01002	62.7	2.93	1.3	0.072	4.99
RC01003	59.52	5.24	4.02	0.073	4.43
RC01004	62	3.59	3.28	0.051	3.82
RC01005	62.81	5.37	1.37	0.034	2.43
RC01006	62.71	2.1	2.12	0.076	4.64

The Hematite outcrops are relatively small and occur on the margins of highly magnetic units recognised from the detailed aeromagnetic survey flown last year. In an attempt to ground truth the magnetic anomaly, the exploration team visited one of the few outcrops and were pleased to locate a number of hematite rich outcrops on the edges of a magnetic quartzite unit. There is very little outcrop in this area and additional potential exists for buried mineralisation concealed below the transported cover. The area will be assessed in more detail and drilling programs developed to test the potential.

Initial FPXRF work indicated the mineralisation was high grade and was immediately followed up with six rock chip samples which were sent for fused disc XRF analysis at ALS Laboratories in Perth. The samples were collected from hematite and goethite outcrops (Photos 1 and 2) which occur over a 200m x 300m area (Figure 3). The outcrops occur in areas of sparse outcrop in an area of mostly transported cover sediments which will need to be further tested with drilling.

Photo 1. Outcrop of haematitic BIF Telecom Hill area.



The Company announced a maiden JORC Inferred Resource for the Telecom Hill Deposit at the Peak Hill Iron Project Joint Venture (“JV” or “Project”).

The Mineral Resource comprises 11.5Mt at 58.557% Fe, 9.64% SiO₂, 2.29% Al₂O₃, 0.21% P, 0.02% S and 3.12% LOI hosted by banded iron formation (BIF) stratigraphy in this area.

The delineation and estimation of this first DSO Mineral Resource is another significant milestone for the Peak Hill project and demonstrates the ongoing potential of the Telecom Hill Deposit. The JV partners will continue their strategy of developing the Project and will be working towards a pre-feasibility for the project which will provide a better understanding of the economics of the project and will add to the viability of the Midwest Port and Rail infrastructure. The JV partners will continue to look for new DSO resources and any additional DSO resources that may be defined from identified exploration targets.

Table 4. Mineral Resource estimate results for Telecom Hill East Deposit.

Telecom Hill East DSO Mineral Resources								
LODE	Category	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI 1000
Total	Inferred	11.5	58.55	9.64	2.29	0.21	0.02	3.12

Note: The CSA Mineral Resource was estimated using Ordinary Kriging, with high grade treatment, within constraining wireframe solids based on a nominal lower cut-off grade of 50% Fe. The resource is quoted from blocks above the specified Fe % cut-off grade and above 470mRL.

The Mineral Resource estimate completed by CSA for the Telecom Hill East was based on the following:

- Geological and sampling data was collected under the supervision of Padbury geologists.
- Geological interpretations and three dimensional modelling was completed by CSA geologists.
- CSA imported the drillhole data to Micromine 12.0 and Datamine Studio 3 software for the Telecom Hill East area and proceeded with the modelling in the Micromine extended precision environment.
- A total of 12 sections at 160m spacing were interpreted from 657,000E to 659,000E, covering the extent of the mineralisation in Telecom Hill East area. The interpretation and wireframes were generated based on a 160m × 50m exploration drilling patterns. The interpretation of the mineralisation as Micromine strings on each domain has been summarised in the following sections.
- Wireframe solids were generated based on the sectional interpretations to delineate the lodes of Haematite - goethite mineralisation. The lower cut-off grades of 50% Fe were used to define the mineralised envelopes within BIF units.
- Two domains were noted The Major domain and Minor domain (Figure 4). Only the Major Domain has been quoted in the resource table.
- The major unit is conformable and folded into a distinct plunging syncline dipping to the southwest at 70-80° (see Figures 4 and 5). The Major Domain consists of a thick planar BIF mineralised lode with relatively higher Fe grades compared with the Minor Domain. The Minor domain is located at the south of Major domain with lower Fe grades and higher SiO₂ and Al₂O₃ contents. Figure 3 and demonstrate the outlines of the modelled mineralised domains and lodes.

Telecom Hill Exploration Potential

The potential for the identification of additional resources in the Telecom Hill area is high. A total of 11.5 Mt @ 58.5% Fe has been estimated as Inferred in this Mineral Resource update, this in itself offers immediate targets for closer spaced drilling which are likely to upgrade this resource. The mineralisation is open to the east and west which provides opportunities to expand the resource. The mineralisation is not adequately tested at depth which provides additional opportunities for expansion.

The phosphorus level in the deposit are generally high, however a distinct zone of higher grade material has lower P values in the keel of the syncline.

Extension of End Date Under Scheme Implementation Agreement

Aurium Resources Limited (Aurium) and Padbury Mining Limited (Padbury) entered into a Scheme Implementation Agreement (SIA) on 13 February 2012.

The End Date under the SIA is currently 31 July 2012. Aurium and Padbury agreed to extend the End Date from 30 June 2012 to 30 September 2012 to allow for more time for the Merger to be completed.

Change of Address

The registered office of the company changed to 100 Colin Street, West Perth WA 6005 on 28 June 2012. The telephone and fax numbers remain the same.

Further inquiries:

Terry Quinn
Managing Director
T: +61 8 6460 0250

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.

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 2012

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	-	150
1.2 Payments for (a) exploration & evaluation	(9)	(780)
(b) development	-	-
(c) production	-	-
(d) administration	(288)	(827)
1.3 Dividends and distributions received	-	68
1.4 Interest and other items of a similar nature received	6	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income tax benefits received	-	72
1.7 Other (GST to be recouped)	(6)	(15)
Net Operating Cash Flows	(297)	(1,284)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(297)	(1,284)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(297)	(1,284)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(297)	(1,284)
1.20	Cash at beginning of quarter/year to date	1,544	2,531
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,247	1,247

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	89
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	150
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	450

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	33	35
5.2 Deposits at call	1,214	1,509
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,247	1,544

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	-	-	-	-
6.2	-	-	-	-

+ 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.

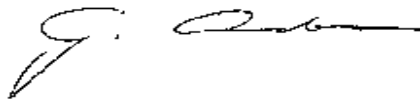
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	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 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	108,800,000 4,333,333 4,333,334	108,800,000	<i>Exercise price</i> \$0.035 \$0.08 \$0.11	<i>Expiry date</i> 30 September 2012 1 September 2012 1 September 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/lapsed during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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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 give a true and fair view of the matters disclosed.



Sign here: Date: 30 July 2012
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.