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ASX ANNOUNCEMENT
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Geological Report on the Paser Project

Highlights

- Interpretation of geological data identifies 3 potential coal seams varying in thickness from 0.4 – 3.4 meters;
- Drilling program to define a mineable resource to commence shortly

Padang Resources Limited (ASX: PXR) (**Padang** or **Company**) is pleased to announce that it has received an independent report on the interpretation of the geological data from the Paser Project, East Kalimantan.

The Company recently completed 20 lines (each 235m in length) of a geo-electric resistivity survey covering the 43ha concession to assist in mapping the vertical and lateral distribution of the coal seams in 2D/3D format and profiling the resistivity of coal and other soil layers in the ground.

The geo-electric resistivity method is one of the geophysical exploration methods commonly used to detect and map the presence of material in the subsurface based on the distribution of electrical resistivity parameters of rocks. This method has been widely applied to locate potential coal seams, for groundwater exploration (determination of aquifer), for analysis of soil structure for geotechnical purposes and the search for metallic minerals (such as iron ore, galena, manganese, nickel and chrome).

The results of the resistivity survey have been combined with the geological data from the previous 20 borehole program to model the distribution of the resistivity of material below surface and producing an approximate indication of the potential depth, thickness and spread of coal seams within the boundaries of the 43ha concession.

In particular, 3 potential coal seams with a relative north-south pattern of strike and thicknesses varying from 0.4 to 3.4 meters have been identified. Seam 1 has a potential thickness of 1.1 meters with the strike direction of 840 meters, Seam 2 has a potential thickness of 0.5 meters with the strike direction of 1160 meters, and Seam 3 has a potential thickness of 3.4 meters based on coal thickness from drilling data in Borehole GMM-01 with the strike direction of 940 meters. Refer to **Appendix A** for a Map of the Location of Geo-electrical Survey Lines and Interpretation of Coal Strike.

With the interpretation of geological data complete on the Paser Project, the Company will now proceed with the design and implementation of a drilling program to define a mineable resource.

Next steps
Padang will keep shareholders informed of any material developments regarding the exploration program on the Paser Project.

Competent Person's Statement

The data in this report that relates to Exploration Results is based on information evaluated by Mr Waluyo Satrio who is a member of The Australian Institute of Mining and Metallurgy (MAusIMM) and who 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 Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Satrio is a fulltime employee of PT Indonesia Carbon Energy and he consents to the inclusion in the report of the Exploration Results in the form and context in which it appears.

Yours faithfully

Anthony Short
Executive Director

About Padang (formerly Palace) Resources Limited
Padang Resources Ltd aims to create a sustainable exploration and development business focused on resource opportunities in the Indonesian resource rich region. Padang has a strong management team which has a track record of acquiring and developing mineral projects in the Asia Pacific region. Padang is aggressively exploring and developing resources in the south-east Asia region, particularly Indonesia. For more information visit www.padangresources.com.au

Appendix A: Location of Geoelectrical Survey Lines and Interpretation of Coal Strike