



ASX ANNOUNCEMENT
14 November 2012

Padang Commences Drilling at the Paser Project, East Kalimantan

Highlights

- Drill rigs have commenced coring the first of ten (10) boreholes;
- Drill program designed to follow up previously identified geophysical targets and coal seams identified from previous drilling.
- Targeting Paser coal quality report January, 2013

Padang Resources (ASX: PXR) (**Padang** or **Company**) is pleased to announce that it has commenced its drilling program at the Paser Project in East Kalimantan. The initial ten (10) hole drill program ("drill program") is designed to confirm coal quality, depth, thickness and spread of coal seams below surface.

The Company is targeting completion of the drill program by end of December, 2012 to be followed by a coal quality report and subject to results, with a mine plan.

Drilling is in progress at two locations on the tenement detailed as drill hole six (DHO6-PXR) and drill hole nine (DHO9-PXR) on the attached Paser Drilling Plan Map.

The drill rigs will core fresh samples of the coal seams down dip from the outcrops. The samples will be submitted for a comprehensive suite of coal analyses. To ensure reliable analytical results, Padang's in country experienced geologists measure core recovery, seal the samples at the drill rig and send the samples by courier to an international laboratory in Samarinda.

Next steps

Padang will keep shareholders informed of drilling progress and any other material developments regarding the exploration program at the Paser Project. Further, the Company continues to review additional projects that meet investment criteria within Kalimantan and in particular the Paser Region.

Yours faithfully
Roland Berzins
Company Secretary



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

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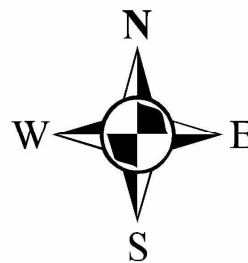
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DRILLING PLAN MAP

Legend

- OUTCROP
- PXR Drillhole Plan
- ROAD
- RIVER
- CONCESSION BLOCK
- GEOSCANNER TRACK
- CONTOUR LINE

| Drillhole_ID | Easting | Northing |
|--------------|---------|----------|
| DH01-PXR | 395625 | 9768770 |
| DH02-PXR | 395659 | 9768680 |
| DH03-PXR | 395695 | 9768470 |
| DH04-PXR | 395553 | 9768370 |
| DH05-PXR | 395773 | 9768370 |
| DH06-PXR | 395895 | 9768380 |
| DH07-PXR | 395661 | 9767710 |
| DH08-PXR | 395863 | 9767560 |
| DH09-PXR | 395713 | 9767370 |
| DH10-PXR | 395940 | 9767350 |

PASER COAL PROJECT EAST KALIMANTAN

