Padbury Mining Limited Confirms High Quality Concentrate Achievable at Telecom Hill

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Perth, Australia (ABN Newswire) - Padbury Mining Limited (ASX: PDY) and Aurium Resources (ASX: AGU) ('the JV Partners') are pleased to announce that DTR test work has returned excellent results for the Peak Hill Iron Project.

Padbury Managing Director Gary Stokes said 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 results follow the announcement on June 29 that two significant areas of high-grade hematite outcrop had been delineated at Telecom Hill, with rock chip samples collected during mapping showing high iron grades of between 60-65% Fe.

'The DTR analysis is very encouraging and enables us to move into the next phase of project development with additional confidence,' Mr Stokes said.

'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 a conceptual mining study.'

The 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.

DTR Test Work - Background

The DTR analysis focused on the 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 can produce high-quality concentrate of greater than 65% Fe, with mass recoveries in the order of 22%, and low impurities.

As part of the evaluation program 1597 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 (see link at the bottom of the release) 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.

The DTR data demonstrate the BIF 1 unit tends to be higher grade in the centre and towards the footwall contact, 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 modeling for the deposit will be re-interpreted to include the DTR data and better define the asset to optimise the concentrate quality.

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.

Telecom Hill Prospect History

In 2009, the Peak Hill Project JV partners recognised the potential of the Telecom Hill Deposit 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 rock chip sampling; 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.

Padbury is targeting 2015-2016 for production.

For more information, visit http://www.padburymining.com.au

For the complete Padbury Mining Limited announcement including tables, please refer to the following link: http://www.abnnewswire.net/media/en/docs/547633.pdf

About Padbury Mining Limited:

Padbury Mining Limited (ASX: PDY) is a Perth-based ASX-listed mineral exploration company focussed on the development of its significant iron ore assets in Western Australia’s Mid West Region.

The company’s flagship project is the Peak Hill Iron Joint Venture, a highly prospective iron ore project with an initial 850Mt JORC compliant magnetite resource located 750km north east of Perth, Peak Hill is in the same mineralised region as a range of other major Mid West miners at various stages of project development. These include Sinosteel Midwest Corporation, Crossland Resources and Atlas Iron.

Padbury is targeting 2015 for production.

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