

18 June 2012

**AURUM MINING PLC**  
("Aurum" or "Company")

**Operational Update**

**Aurum Mining plc** (AIM: AUR) is pleased to update the market on the significant progress made by the Company in recent months and to outline the next steps for the Company. A comprehensive and detailed update on this activity will be included in the Company's Annual Report and Accounts for the year ended March 2012 which will be released to the market in due course.

**Exploration update**

- Assay results from eight of the nine holes drilled during the recent drilling campaign on the "El Facho" structure of Aurum's Zamora gold project through its Spanish joint venture with Ormonde Mining plc ("Ormonde") (AIM: ORM) are now available. Previous drilling on the structure has already intersected gold of mineable widths and grades.
- Each of the eight holes of the recent drilling campaign, for which assay results are available, have encountered gold mineralisation grading in excess of 1 g/t across multiple intersections. ORMP 19 contained a significant gold intersection of 22m at 1.09 g/t and ORMP 20 had a section of 9m at 1.24 g/t. Previously released results from this campaign highlighted a gold intersection in ORMP 15 of 22m at 1.94 g/t within an overall mineralised section of 49m at 1.16 g/t (see announcement dated 28 March 2012).
- A table outlining the key results from the drilling programme at El Facho is attached below.
- Based on all drilling completed at El Facho to date, some modelling of the mineralisation has been carried out which indicates continuity of the main gold-bearing structure over a strike length in excess of 600 metres.
- Based on this modelling, the joint venture's external consultant, Aurum Exploration Services, the Irish based mineral exploration consultant, has carried out an exercise to determine a preliminary resource estimation. This modelling indicates that the current resource at El Facho could be in the region of 122,000-145,000 ounces based on a 0.3 g/t cut off, though it is important to note that this is an early stage estimate to assist in guiding further drilling programmes and is not a resource that has been calculated in compliance with any internationally recognised standard. The range in estimates is due to differing modelling assumptions. Under the differing assumptions, but retaining the 0.3 g/t cut off level, resource tonnage ranges from 3.8-4.8 million tonnes and overall grade ranges from 0.94 g/t to 1 g/t.
- To date, Ormonde and the joint venture have only drilled 3,658 metres at El Facho and there is still a long way to go to fully understand the structure and to determine its full potential. The structure is still open in all directions and further work, including some relatively straightforward processes such as infill assaying of sections not chosen for initial assay, will now be carried out with

the objective of better understanding the structure and seeking to increase the potential resource.

- The three hole drilling programme at the highly prospective Peralonso permit area in Salamanca Province has now been completed. Results will be reported upon receipt of the assays for the three holes
- All necessary permits have now been received to enable trenching work to begin on the Cabeza permit area in Salamanca Province. This work is due to commence in July 2012.
- Aurum has now advanced funds of €500,000 required to earn its majority interest in the permits that are the subject of the joint venture agreement with Ormonde. The process is now being commenced to transfer the relevant permits to Aurum. As per the terms of the original joint venture agreement between Aurum and Ormonde, Ormonde will continue to manage the joint venture though Aurum will now provide the Chair of the Supervisory Committee which oversees operational activity.

### **Business Development**

In addition, the Company is delighted to announce that it has secured an exclusive option to acquire five tungsten permits (the “Morille permits”) in Salamanca Province. The five permits are located 15km southwest of the city of Salamanca and cover an area of 5,796 hectares.

Aurum has a three month option to acquire the permits.

The Board is extremely excited about the potential of the Morille permits and technical and legal due diligence is now underway to determine the potential of the opportunity.

The key aspects of the Morille permits and permit area are as follows:

- The Morille permit area is a ‘brownfield’ site and there has been a long history of the production of high quality tungsten concentrates from mineralisation grading up to 1% WO<sub>3</sub>.
- The historic mines closed during the 1980’s as a result of low commodity prices. Subsequently, prices have increased significantly and there is reason to believe that a significant supply shortage is developing in the tungsten market. These supply issues have been highlighted by the EU in its report “Critical Raw Materials for the EU” (May 2010) where tungsten was listed as a “critical raw material” due to its “high economic importance and high relative supply risk” and more recently by the British Geological Survey who have ranked tungsten in the joint highest position in its “Current Supply Risk Index” of metals which are of economic value.
- Now that there has been the consolidation of approximately fifty old small mines into a single unified block, the Morille permits provide the first opportunity for systematic exploration of the area for tungsten.
- Though the information needs to be verified by the Company, historical geological, exploration and production data provide excellent pointers as to where the initial exploration targets should be.

- A geological survey carried out by two state geological surveys in the late 1990's concluded that there is a potential resource tonnage of at least 8 million tonnes across the Morille permit area, with the majority of this resource at the site of the old Alegria mine which will inevitably be the key initial exploration target for Aurum should the acquisition of the Morille permits go ahead.
- Production data from the public database of the regional Government shows that historically there has been over 735,000 tonnes of tungsten ore mined from the Morille area, ranging in grade from 0.1%-1% WO<sub>3</sub>.
- The historic data also reports that two of the plants within the permit area were producing concentrate containing 70% tungsten. By current standards these are high grade concentrates.
- The area is served by excellent infrastructure.
- The area sits within a well known tungsten province – other known deposits in the area include Barruecopardo, Panasquiera, Los Santos and Regua.

The Board's optimism around the opportunity is shared by that of its technical advisers, Golder Associates, who are assisting the Company with its due diligence in respect of the permits. Golder Associates have concluded that the area represents a valid exploration target which 'merits exploration' while the Company's consultants on the ground, Desarrollo de Recursos Geologicos S.A. ("DRG") have concluded that the project 'provides more favourable conditions than those of virtually any other similar project currently underway in Europe'.

The Board will now ensure that the due diligence process is completed both efficiently and effectively before making its decision on whether to proceed with the acquisition.

Another striking factor about the Morille project is how complementary it is to Aurum's existing gold assets in terms of its location. Should Aurum decide to proceed with the acquisition of the Morille permits, it should be straightforward to service both the gold and tungsten assets with a single administrative function.

### **Other opportunities**

As a direct involvement of the Company's presence and activity in Spain, the Company has been approached about, and has access to, a number of other investment opportunities in the country.

With the assistance of its consultants, DRG, Aurum will continue to look at and appraise these opportunities and where appropriate will look to take the opportunities forward.

Sean Finlay, Aurum's Chairman, said:

*"The wholesale transformation of Aurum into a Spanish mining group continues apace and given the successful recent activity, these are exciting times for the Company. The ongoing work on the gold projects continues to point to the potential of a significant gold structure at the El Facho prospect, albeit it that there has only been limited work on the structure to date, and we look forward to getting the initial*

*assay results from the drilling campaign at Peralonso and to getting the exploration work at Cabeza underway.*

*The Morille opportunity looks like it has the potential to be a really interesting project for Aurum and we hope to have the due diligence process completed shortly. The really compelling part of the investment proposition is that it seems that Aurum could progress the project relatively quickly given the brownfield nature of the opportunity and the fact that there is a substantial amount of historic information available.*

*As a Company we feel that we now have a strong foothold in North Western Spain and we will continue to look at convincing investment opportunities that arise in the region, which could be complementary to our existing projects.”*

## **Background**

On 11 March 2011, Aurum entered into a joint venture with Ormonde whereby Aurum can earn a 60% interest in two permits in the Zamora Province and a 54% interest in a further two permits in the Salamanca Province (one of which is still under application), by spending €500,000 on exploration activities over an 18 month period.

Initial work of the joint venture has focused on following up on previous drilling carried out by Ormonde at El Facho.

Known gold mineralisation at El Facho is hosted in multiple steeply dipping structures characterised by quartz veining, silicification and alteration within granites. The joint-venture drilling was designed to test for extensions to the known mineralisation and in particular to ascertain whether broader mineralised intervals could be discovered.

Including the eight recent holes for which we now have assay results, a total of 17 holes have been drilled by Ormonde at El Facho and 16 of these have intersected gold mineralisation grading in excess of 1 g/t. The key intersections from these 17 holes drilled by Ormonde at El Facho are highlighted in the table below. The assay results from ORMP 21 are still awaited.

<b>El Facho Drilling Results</b>			
<b>Hole Reference</b>	<b>From (m)</b>	<b>Thickness (m)</b>	<b>Gold (g/t)</b>
ORMP 1	51	23	1.1
ORMP 3	131	3	3.6
ORMP 4	40	6	3.7
ORMP 4	62	4	1.7
ORMP 5	56	9	1.5
ORMP 6	104	7	1.1
ORMP 7	38	7	1.2
ORMP 10	89	12	3.4
ORMP 10	75	30	1.6

ORMP 10	25	80	0.8
ORMP 11	102	10	2.1
ORMP 11	275	5	1.9
ORMP 13	154	10	0.6
ORMP 13	172	3	1.4
ORMP 14	143	1	11.4
ORMP 15	96	49	1.2
ORMP 15	99	25	1.8
ORMP 15	109	11	3.6
ORMP 16	144	10	0.5
ORMP 16	226	7	0.9
ORMP 17	148	12	0.7
ORMP 18	21	14	0.4
ORMP 19	79	22	1.1
ORMP 20	55	15	0.8
ORMP 20	56	9	1.2

The following link shows the plan view of drill holes at El Facho, with holes drilled by the Joint Venture shown in red

Figure 1:

Aurum Mining plc

Figure 1 from Operational Update

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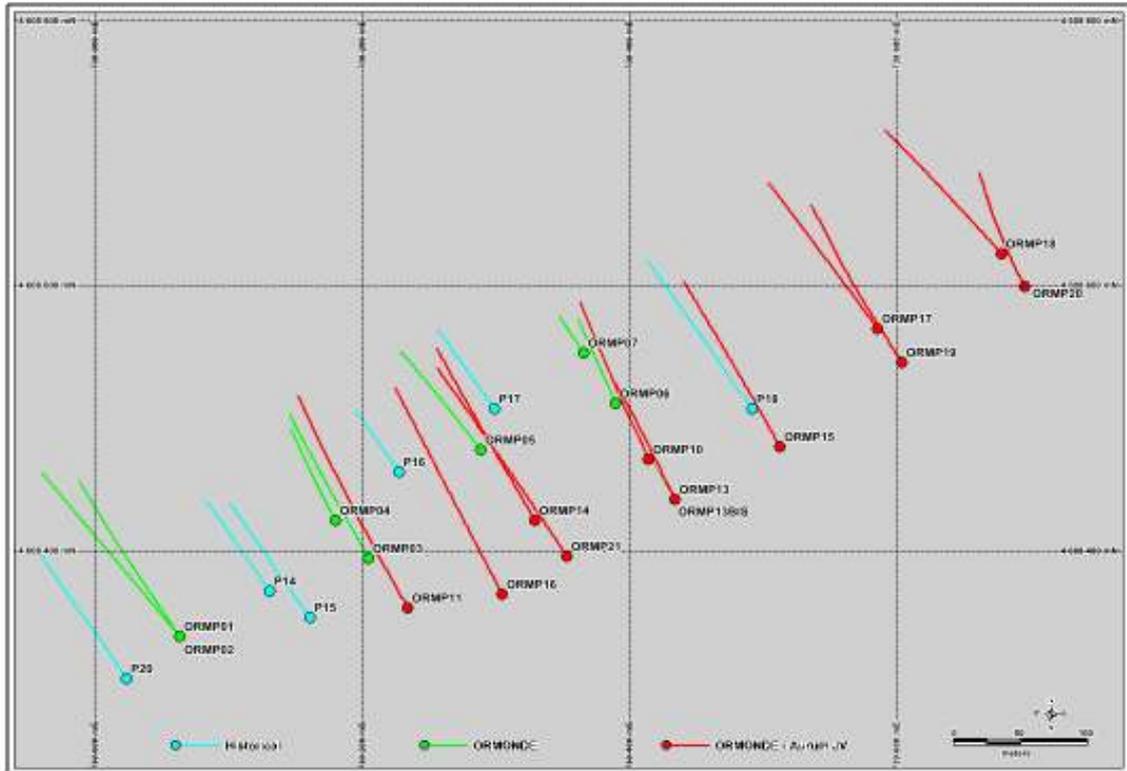


Figure 1: Plan view of drill holes at El Facho, with holes drilled by the Joint Venture shown in red

As well as undertaking further work at El Facho, the three hole drilling programme on the Peralonso permit in Salamanca Province has been completed. Results will be reported upon receipt of the assays for the three holes. The programme has been designed to test the shallow depth extent of gold mineralisation located in previous trenching. Gold mineralisation is hosted within Fe-oxide-bearing breccias within altered granites, with previous trenching of an extensive soil geochemical anomaly (400 x 400m) returning a best interval of 5 metres grading 5.4g/t gold.

Trenching work will also shortly commence at the Cabeza Permit area in Salamanca Province. This trenching will follow up on the results of earlier soil geochemical analysis and other surface exploration work.

*Notes:*

Sampling, Assaying and Quality Control Measures

All drill core has been routinely logged by an experienced geologist. Relevant core intervals were split in half by diamond saw, with half being sent for assay and the other half being retained in the core boxes for reference. Sampling is mainly carried out over one metre intervals.

Sample preparation and analyses were performed at ALS Chemex (Spain). Assays are reported using the fire assay (FA) method with an atomic absorption (AA) finish. Reference samples (blanks, duplicates and certified standards) are routinely included in each sample batch as quality control measures.

### **Qualified Person**

Simon Beardsmore, BSc (hons), ARSM, MIMMM, CEng, Technical Manager of Aurum Mining plc, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, has reviewed and approved the technical information contained in this announcement.

As noted above, resource information contained in this announcement relating to the El Facho structure has not been estimated in compliance with any internationally recognised standard and has been undertaken at this time solely to guide further drilling programmes in order to ascertain the full resource potential in the project area. Accordingly this announcement does not constitute a resource update within the meaning of the AIM Guidance Note for Mining, Oil and Gas Companies.

### **For further information:**

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