

# Padbury Mining Limited (ASX:PDY) Annual General Meeting Chairmans Address to Shareholders

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Sydney, Australia (ABN Newswire) - Padbury Mining Limited (ASX:PDY) is pleased to release the following Chairman's Address to Shareholders at 2011 Annual General Meeting.

Good morning Ladies and Gentlemen.

It is my pleasure to welcome you to the 2011 Annual General meeting of Padbury Mining.

I will begin with some brief comments on the past year before providing an overview of short and medium-term strategies for the company's corporate and project development.

The past financial year and the first few months of this new financial year have brought challenges for the Company.

Firstly, we faced a hostile takeover attempt initiated by Fe Limited in July 2010 that took four months to resolve, with its eventual resounding defeat by shareholders on November 22.

More recently, the Company has had to deal with a series of actions seeking to remove existing board members and install two new directors. As you will all be aware, these issues were dealt with decisively by shareholders at the General Meeting of November 17.

These kinds of events inevitably cause distraction for Company management and divert attention away from the key work at hand. However, I am pleased to report that the past 12 months have seen real progress at Peak Hill, with exploration work and milestones achieved to target.

In my view, we are now able to move forward aggressively to develop the Peak Hill Project under the guidance of a strong, experienced Board of four, including new independent directors Garret Dixon and David Southam, and a strengthened management team led by Gary Stokes.

## Project Report

In March this year, Padbury announced the delineation of an 850Mt maiden JORC compliant resource at 27.3% Fe, over the 500Mt target that had been set. The Company also undertook geological mapping that indicated highly prospective hematite mineralisation.

Following these promising results, the Company launched the biggest drilling program in its history aimed not only at extending and upgrading the significant magnetite asset, but at confirming Peak Hill's hematite prospects.

This focus on Direct Shipping Ore is a first for Padbury and is strategically targeted - a DSO asset at Peak Hill would add significant value to the company by enabling early cashflow.

As this DSO prospect becomes clearer, I am confident that we can achieve a genuine re-rating of the Company and its share price.

## Infrastructure

Another strategic move by Padbury has been the purchase in July of the Mid West rail and Oakajee port intellectual property developed by Yilgarn Infrastructure and its Chinese partners.

This IP is vested in a wholly owned Padbury subsidiary Mid West Infrastructure Pty Ltd. It has been subject to independent due diligence and the design concepts, CAPEX and OPEX figures have been completely updated by INDEC Consulting and Pacific Capital.

This updated IP has the potential to add significant value to Padbury and all the miners of the Mid West region that will rely on the development of the Oakajee to get their product to market.

The updated IP gives Padbury the opportunity to stand alongside Chinese participants and larger mines in the Mid West region and to contribute to the restructure of the current project and financing arrangements.

Discussions in relation to the updated IP are underway with key stakeholders in Perth and Beijing.

More detailed project matters will be addressed by our Managing Director Gary Stokes. However, as an overview, the past 12 months have seen significant mine project work undertaken. This has included baseline heritage and environmental studies, securing government approvals for the current drilling program and developing draft conceptual mining, marketing and infrastructure studies.

From a corporate perspective, the Board has been strengthened with the appointment of two new directors Garret Dixon and David Southam, both highly experienced in the development of iron ore projects in the Mid West region. Each played a major role in the development of Gindalbie Metals' Karara Project.

Management has also been strengthened with the appointment of a highly experienced project manager and geologist, Dan Podger, who is overseeing the Peak Hill development work.

#### Corporate Governance

Corporate governance is an important aspect of any listed company. One of my key roles as Chairman is to strengthen corporate governance and oversee the continual improvement and application of industry-standard governance practices for Padbury.

This will ensure best practice policies and procedures are in place and applied in the interests of all shareholders as the Company grows and matures.

Padbury's new directors, David Southam and Garret Dixon, each of whom has the necessary skills and experience, have been asked to be independent chairmen of the Audit and Risk Management committees respectively. I will chair the Nomination and Remuneration Committee.

#### Looking Forward

2012 is an important year of opportunity for Padbury as we work to prove up our assets, continue maturing the Peak Hill Iron project and hopefully are rewarded for playing a role in contributing to a solution to the Mid West region's infrastructure issues.

We are in a solid financial position with cash in bank and no debt - an enviable position for any junior explorer looking to develop a flagship project.

Discussions with a range of potential cornerstone investors have been underway for some time and will continue into 2012. Securing cornerstone investment in Padbury is important as we continue to develop the project. It provides cash in bank to fund activities, stability for the share register and, importantly, a link to future markets and potentially off-take arrangements.

As we have seen over the past 12 months, Padbury's share price has not been immune to the volatility that has hit financial and commodity markets around the world - nor to the uncertainties of a new emissions trading scheme and mining tax, the European financial contagion or what I believe is a seasonal slowing of the Chinese market for iron ore.

Our key objectives for 2012, on which Gary Stokes will expand during his presentation, include securing this cornerstone investment, progressing Peak Hill Iron to pre-feasibility and investigating possible merger and acquisition targets.

We have recently announced to the market that discussions are underway with our 30% JV partner Aurium Resources. These are to investigate the best means of bringing the Peak Hill Iron project into a 100%

Padbury owned vehicle. These discussions are predicated on due diligence by both parties and are subject to a 60-day exclusivity period and, of course, the views of our shareholders. Importantly no decision has been made at this point, and no decision will be made if it is not in the best interests of you, our shareholders.

In my view, securing 100% of the asset will provide economies of project scale and management, with full ownership of the Peak Hill Iron project ensuring added value for shareholders.

#### Strategic Plan

Padbury has a three-year business plan which is guiding corporate and project development. This ensures we work strategically and methodically to achieve the milestones necessary to build real value in the Peak Hill Iron project and in Padbury itself.

To raise the Company's profile and credibility with investor markets and key stakeholders, corporate communications activities are being enhanced and implemented under strategic communications and investor relations plans.

As a consequence, the Company has greatly improved its profile and project recognition. Padbury has been accepted as an Associate Member of the Geraldton Iron Ore Alliance, alongside such well-known names as Sinosteel Midwest Corporation, Crosslands Resources, Asia Iron and Gindalbie Metals. Padbury is now regularly invited to present at iron ore industry forums and events.

In short, Padbury is getting on the map of the Mid West region as a serious iron ore player for the first time in the Company's history.

As positive as this is, the Board is also very aware of the need to manage expectations and not overstate matters or to over promise.

We are committed to appropriate communication with the market in accordance with ASX and ASIC regulations and requirements.

In conclusion, I would like to thank our Managing Director, Gary Stokes, and his team for their on-going efforts. I would also like to acknowledge the continuing support of Padbury shareholders. I have every confidence that 2012 will see the Company advance project development and increase value for, you, our shareholders.

John Saunders  
Chairman

#### About Padbury Mining Limited:

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

The company's flagship Peak Hill Iron Joint Venture is a highly prospective magnetite and hematite iron ore project located at Robison Range, about 450km north east of Geraldton.

The Company has a solid program of work planned to develop the Peak Hill project over the next three years, with production targeted for 2015-2016.

Source:

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