



Building value in Western Australia's
Mid West

Company Update
EGM, June 13, 2011



Disclaimer and Competent Person Statement



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This presentation contains certain forecasts and forward looking statements. The words "believe", "anticipate", "expect", "project", "forecast", "estimate", "potential", "could", "may", "target", "consider", and "will" and other similar expressions are intended to identify forward looking statements. Forward looking statements

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Competent Person Statement

The geological modelling and estimation of the Exploration Target1 for Padbury's Peak Hill Project was completed under the overall supervision of Mr. Daniel (Stan) Wholley BAppSc,MAIG, who is a full time employee of CSA Global Pty Ltd and is a Competent Person as defined by the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. Mr Wholley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Shi 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 Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears.

Corporate Structure



ASX code: PDY

Issued Capital:

Shares: 1.97B
Options: 665M

Market Cap

24.6M (as at June 10, 2011)

Debt:

Nil

Top 20
shareholders

28.7% (as at June 10, 2011)

Stakes in ASX
listed Companies:

Aurium 35M shares

Board and Management



Dr John Saunders
Chairman

Gary Stokes
Managing Director

Luke Innes
Non-Executive Director

Colin Stirling
Non-Executive Director

Impacts of the Current Economic Cycle



- ⦿ Big economies underpinned by resources~4% growth
 - (Canada, Russia, Australia; Brazil; South Africa ~10% of world GDP, 440M people)
- ⦿ Third Wave of SE Asian economies~6% growth
 - (First wave, China; Second wave India – Malaysia, Indonesia, Sri Lanka ~ 5% world GDP, 1 billion people)
- ⦿ China able to maintain 8% growth~13% world GDP
 - (1.3 billion people)
- ⦿ India expected to grow at around 8%~ 5% world GDP
 - (1.1 billion people)
- ⦿ Urbanisation leading to increased steel demand
 - (India<30%; China~42%; USA ~80%)

China's 12th Five Year Plan



- China plans to:
 - Build up to 10 million low income housing units in 2011, up 72.4%
 - Invest around \$106 billion in railroad construction projects in 2011
 - Build 20 million new motor vehicles
- Urbanisation will continue to grow especially in the west
- Relatively high cost of China's domestic iron ore supply will support the long term price of iron ore
- Steel producers expected to increase reliance on imported ore as domestic reserves decline in quality
- 2011-2016 China's imports expected to increase average 5% annually to 857 Mt.

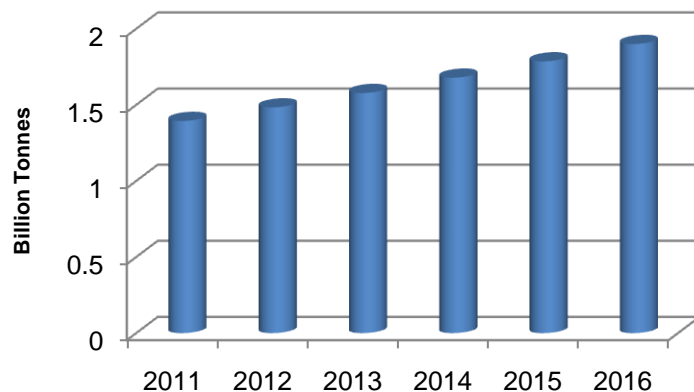
Iron Ore Demand



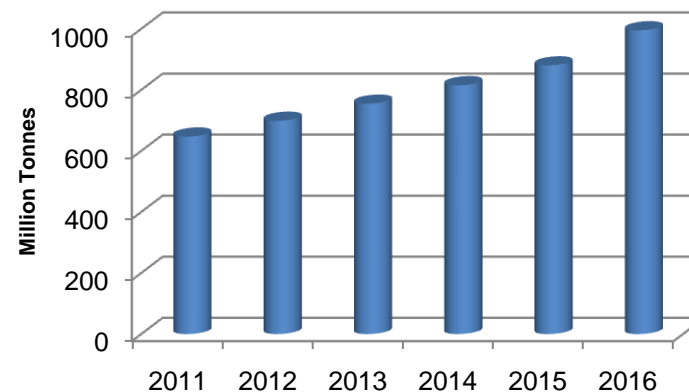
- Iron ore demand over next four years to “equal volumes provided by Australian suppliers to date” (Albanese, RioTinto CEO)
- Key Australian markets China, India and Brazil expected to increase from 53% to 60% of global steel consumption by 2016 – increase of 8% a year
- World steel consumption forecast to increase 6% annually to 1.9Bt from 1.4Bt by 2016 (Fig.1)
- China accounts for 46% of world steel consumption, forecast to increase by 8% annually to 995Mt by 2016 (Fig.2).

“Growth in steel consumption in developing Asian economies will form the backbone of world steel demand growth....” ABARE March quarter commodities report, 2011.

WORLD STEEL CONSUMPTION FORECAST



CHINA'S WORLD STEEL CONSUMPTION FORECAST



Iron Ore – Hematite vs Magnetite

Hematite

- 96% of Australia's iron ore production
- Historic base for Australian iron ore industry
- Mined and beneficiated using a relatively simple crushing, screening and blending before export for use in steel mills.

Magnetite

- Lower iron content and must be upgraded to make it suitable for steelmaking.
- Suitable for processing into iron ore pellets for use in modern steel production
- Accounts for 50% of global iron ore production
- Able to be readily refined into an iron ore concentrate.
- Globally accepted as a viable and high-quality feedstock for the production of premium, low impurity steel.
- Steel mills are buying increasing volumes of high-grade magnetite concentrate to supplement declining supplies of high-grade lump ore, in order to maintain the quality of their final product



Padbury Overview



- Leading emerging iron ore junior with significant project in Mid West Region of Western Australia
- Maiden JORC Resource (inferred) of 850Mt @ 27.3% Fe
- Flagship Peak Hill Iron project has the potential to rival the significant deposits of the region
- Overall exploration target of 3.5-5Bt @ 25-35% Fe¹
- DSO target of 55Mt @55-60% Fe'
- Strategic focus – early DSO cashflow underpinning magnetite development
- Target production 2015/16

¹The potential quantity and grade of the Peak Hill Iron JV project is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Location



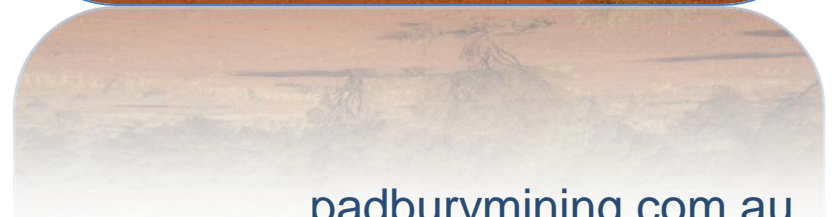
- Mid West Region – Australia's next major iron ore region
- Near other major operating and prospective mine projects, including Weld Range (Sinosteel Midwest Corp), Jack Hills (Crosslands Resources), Mt Gould (Atlas Iron)
- Proximity to Oakajee port and rail development and energy infrastructure



Peak Hill Iron JV - Project Overview



- Flagship project in Western Australia's Mid West, 400km north east of Geraldton
- 2500sqkm area - targeting hematite and magnetite
- Significant maiden resource (magnetite) and exploration target (DSO)
- Strong project vision – targeting early cashflow from DSO to support major magnetite project, serviced by heavy haul railway and the deepwater port at Oakajee
- Strategic purchase of Yilgarn rail and port IP – gives 'plan B' infrastructure solution



Peak Hill Iron JV - Magnetite



- 850Mt Maiden Inferred JORC resource @ 27.3% Fe from 4km of potential 10km strike length
- Exploration target¹ of 3.5-5Bt @ 25-35% Fe
- Early Davis Tube Recovery (DTR) test work demonstrates potential high-grade concentrate production
- Heritage survey completed and approved by local Jidi Jidi Indigenous community
- Program of Work (POW) application for extended drill program to upgrade resource approved by Department of Mines



¹The potential quantity and grade of the Peak Hill Iron JV project is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Peak Hill Iron JV - DSO

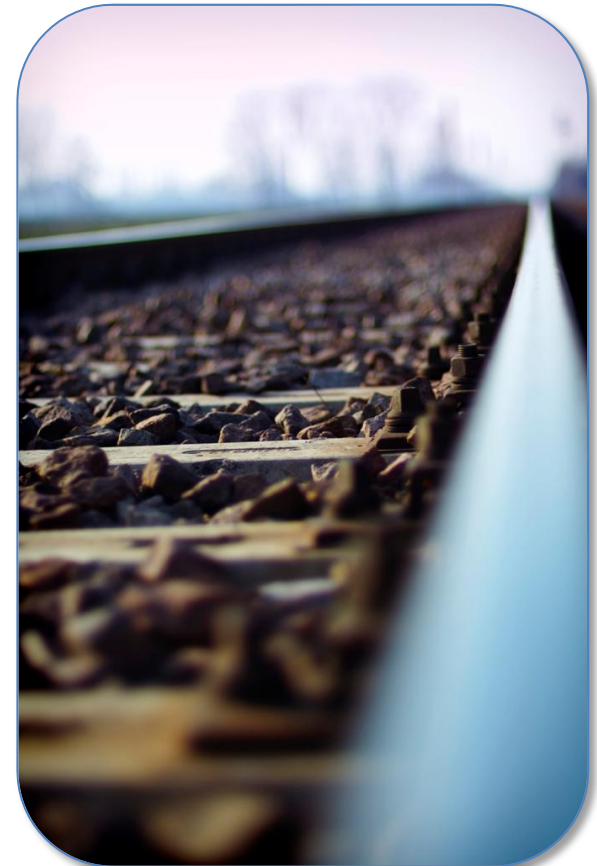
- Hematite (DSO) exploration target of up to 55Mt at 55-58% Fe
- Heritage survey completed in preparation for drilling program
- POW application for initial drilling program awaiting approval by Department of Mines



Project Strengths



- ⦿ Extensive potential strike length
- ⦿ Significant maiden JORC resource
- ⦿ DSO potential - early cashflows to underpin development of magnetite resource
- ⦿ Oakagee port and rail target completion of 2015 – State and Commonwealth Govt committed to development
- ⦿ Proximity to proposed rail head and power infrastructure
- ⦿ Established mining camps and culture within the area



Infrastructure

- Oakajee Port 30km north of Geraldton targeted to be operational 2015
- \$700M committed by State/Federal governments
- Premier Barnett fully committed - Oakajee is the most important state development project for the next 50 years
- Peak Hill within 100kms of initial railworks
- Padbury acquisition of Yilgarn Infrastructure IP provides 'Plan B', mitigates risk and adds value
- Independent due diligence conducted on IP



Location



Magnetite Project Comparison



Company	Project	Market Capitalisation	Resource	Target
Atlas	Ridley	\$1,712M	2.5Bt@36.5%	
Crosslands Resources	Jack Hills	n/a	991Mt@34.1%	3Bt
Sinosteel Midwest Corporation	Koolanooka	n/a	430Mt @ 35%	
Gindalbie	Karara	\$1,037M	2.5Bt@35.9%	
Grange Resources	Southdown	\$853M	650Mt@36.5%	
Padbury	Peak Hill	\$38M	850Mt @27.3%	3.5-5Bt @25-35%

Program of Work – Y1 Milestones Achieved



Review of project Geology and potential

Confirmation of iron ore resource potential

Delineate maiden JORC resource of >500Mt (850Mt defined)

Commence baseline studies (heritage, environment, hydrogeology)

Conceptual mining study commenced to define future stages of project development, including proposed methods for mining, processing transport and product sale.

A successful conceptual mining study will be a key marketing driver for the project and raising money

padburymining.com.au

Project Targets 2011-2013



2011

May - Jul

Further Baseline studies

Jul - Oct

Strengthen management team

Jul - Oct

Appoint advisor to assist with attraction of cornerstone investor/strategic partner

Jul - Jun

July 2011 - June 2012
Start Approvals process and EIA

Aug

Nov Drilling POW – upgrade to >1Bt indicated and referred JORC Resources

2012

Jan - Jun

June start PFS

Jul - Oct

Complete PFS

Nov - Jun

negotiate project construction funding; detailed evaluation for DFS; Mine permitting process

Conclusion



Emerging iron ore junior with 850Mt JORC compliant resource in the mid-west region of Western Australia

Compelling valuation vs. peers over medium term

Flagship Peak Hill JV project has the potential to rival the significant deposits of the region

Strong vision for the project - regionally significant magnetite concentrate production facility, serviced by heavy haul railway and the deepwater port at Oakajee

Similar position to Gindalbie prior to Ansteel involvement



Questions?

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