

Peak Hill Iron Project Mining Lease Application

Highlights:

- **Application for Mining Lease 52/1068 has been applied for by 100% owned Desert Resources Pty Ltd over the Telecom Hill mineral deposit areas.**
- **The Mining Lease application covers the Telecom Hill East and Telecom Hill West magnetite deposits and the Telecom Hill East DSO deposit.**
- **Successful completion of this process will provide certainty over the development options for the project.**

Padbury Mining Ltd (ASX:PDY) is pleased to announce another exciting phase in the development of the Peak Hill Iron Project ("the Project"). As part of the ongoing development of the Project, Padbury has applied for a Mining Lease over the current mineral deposit areas at Telecom Hill.

The Project is located approximately 80km north of Meekatharra in Western Australia (Figure 1), targeting iron mineralisation in the Robinson Rage Formation; a sequence of interbedded banded iron formation ("BIF"), granular iron formation, *siltstone* and shale.

Padbury has made considerable advancement on the Project over the last four years. During this time Padbury has completed multiple exploration and evaluation programs, which have included detailed geological mapping, reverse circulation and diamond core drilling, aeromagnetic surveys, heritage surveys and Mineral Resource estimation. This work has seen the project advance from an exploration concept through to a substantial development project.

During this process Padbury has delineated significant JORC mineral deposits at Telecom Hill East, Telecom Hill West for magnetite and a DSO mineral deposit at Telecom Hill East. A summary of the Mineral Resources are provided in Tables 1 & 2 below.

The location of the Telecom Hill Mining Lease application is shown in Figure 2.

Table 1. Telecom Hill Resource summary

Telecom Hill Mineral Resources Grade Tonnage Reported above a Cut-off Grade of 20% Fe; above 300mRL and below the Bottom of Oxide Surface									
BIF	Category	Million Tonnes	Fe HEAD (%)	SiO ₂ HEAD (%)	Al ₂ O ₃ HEAD (%)	MgO HEAD (%)	P HEAD (%)	S HEAD (%)	LOI HEAD
BIF 1	Indicated	251	29.55	45.72	1.78	2.21	0.18	0.05	5.80
	Inferred	288	27.99	45.93	3.08	2.39	0.16	0.04	6.06
BIF 2	Inferred	197	23.84	49.22	5.70	2.28	0.18	0.03	5.72
BIF 4	Inferred	190	26.47	45.98	4.24	1.75	0.39	0.04	4.55
Total	Indicated	251	29.55	45.72	1.78	2.21	0.18	0.05	5.80
	Inferred	675	26.35	46.90	4.17	2.17	0.23	0.03	5.53
	Total	925	27.22	46.58	3.52	2.18	0.22	0.04	5.61

Note: These Resources in Table 1 were originally reported under the JORC Code 2004. Padbury is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 4th October 2012 titled "JORC Upgraded Resource at Peak Hill Iron Project". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed.

Table 2. DSO Mineral Resource Summary

Telecom Hill East DSO Mineral Resources								
LODE	Category	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI 1000
Total	Inferred	11.5	58.55	9.64	2.29	0.21	0.02	3.12

Note: These Resources were originally reported under the JORC Code 2004. Padbury is not aware of any new information or data that materially affects the information included in the Announcement to the ASX on the 28th June 2012 titled "Peak Hill Iron Project – Maiden DSO Inferred Mineral Resource.". In the case of the Mineral Resources the company can confirm the assumptions and the technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context of the Competent Person's findings as presented in the announcement have not materially changed.

In addition to the exploration and evaluation programs Padbury has completed a number of associated studies for base line environmental, metallurgy, mining and Infrastructure. This work has been used to establish the project parameters required for the Mining Lease application. The Mining Lease application covers parts of Exploration Licences 52/1860 and 52/1557 together with Prospecting Licence 52/1329. The proposed operations and layout of associated infrastructure requirements for the Mining Lease area are shown in Figure 3 along with location of the Magnetite mineral deposit areas in Figure 4.

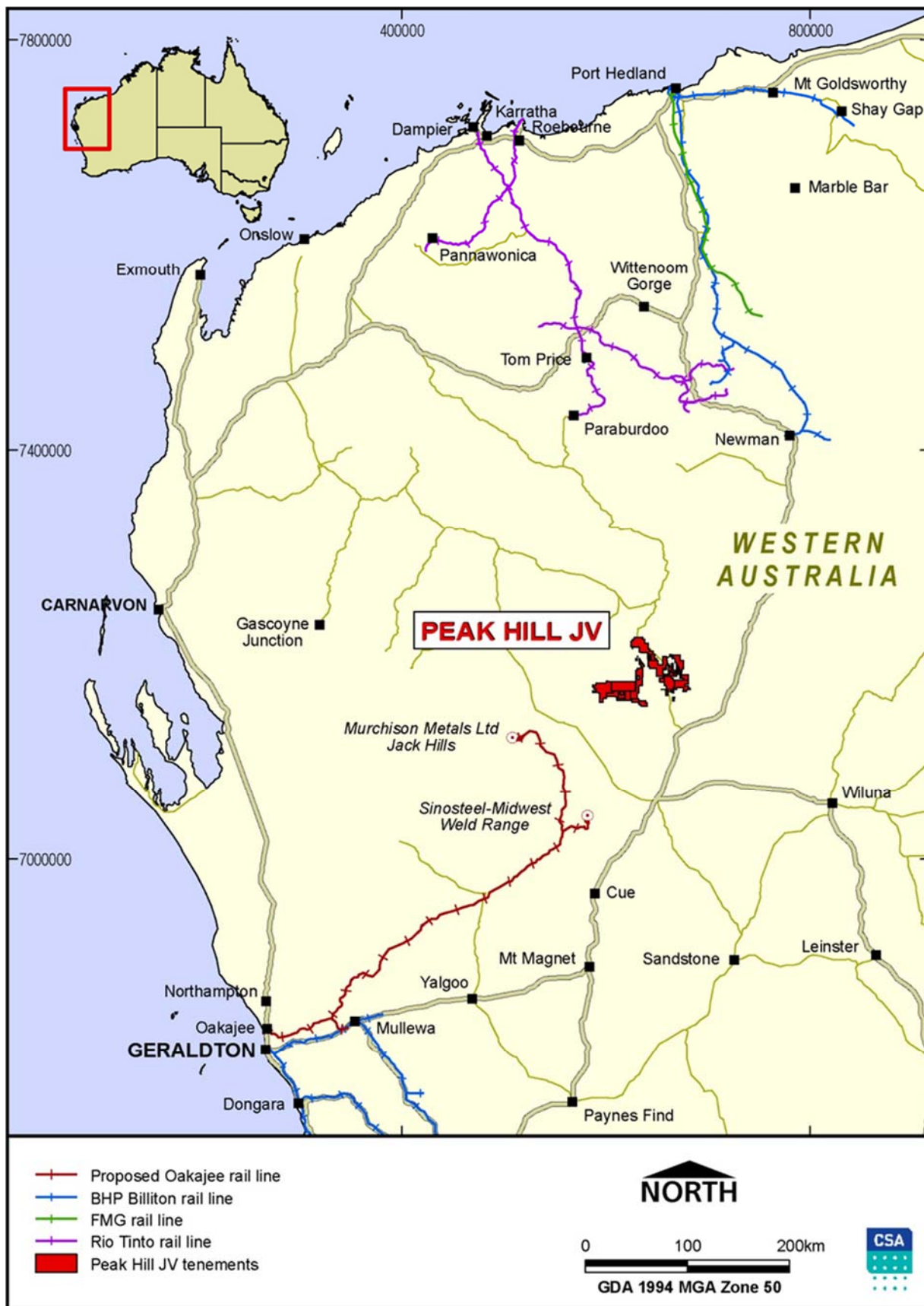


Figure 1. Project location plan

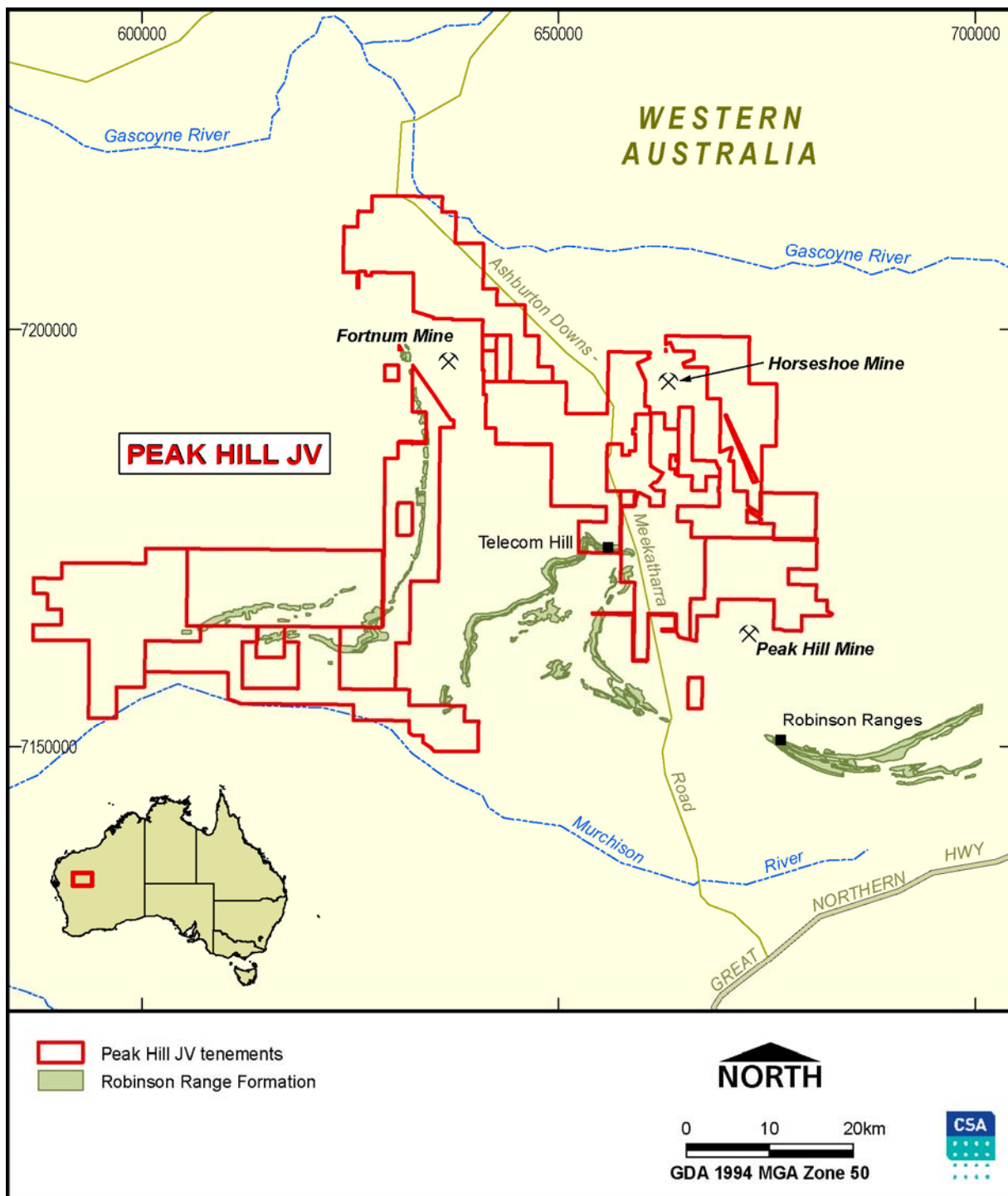


Figure 2. Peak Hill Iron Project Tenements

In addition to the already-defined mineral deposits there is substantial upside potential to locate additional mineralisation. The prominent ridge line of the Robinson Range Formation that extends between the Telecom Hill East and Telecom Hill West mineral deposit areas (Figure 3) is an excellent target that has strong potential to increase the deposits already defined. This area is yet to be tested by drilling but geological mapping and aeromagnetic survey data indicate BIF of similar qualities to those present in the mineral deposit areas. This will be the focus of further exploration during 2015.

Upon granting of the Mining Lease Padbury will be well placed to further develop this substantial iron project. Padbury will look to commence more detailed mining studies on the Project in H1 of 2015.

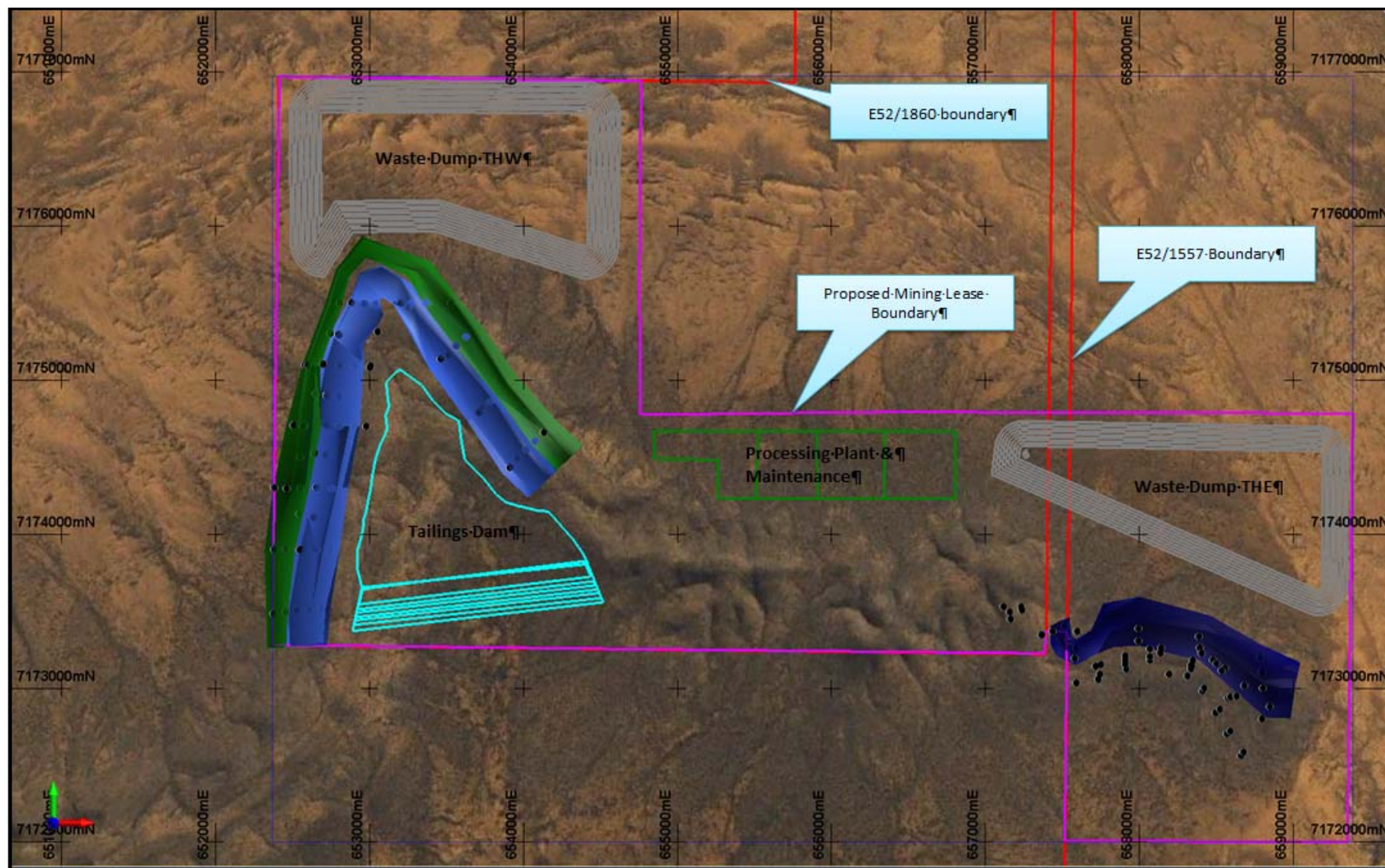


Figure 3. Mining lease location (magnetite deposits shown in blue and green)

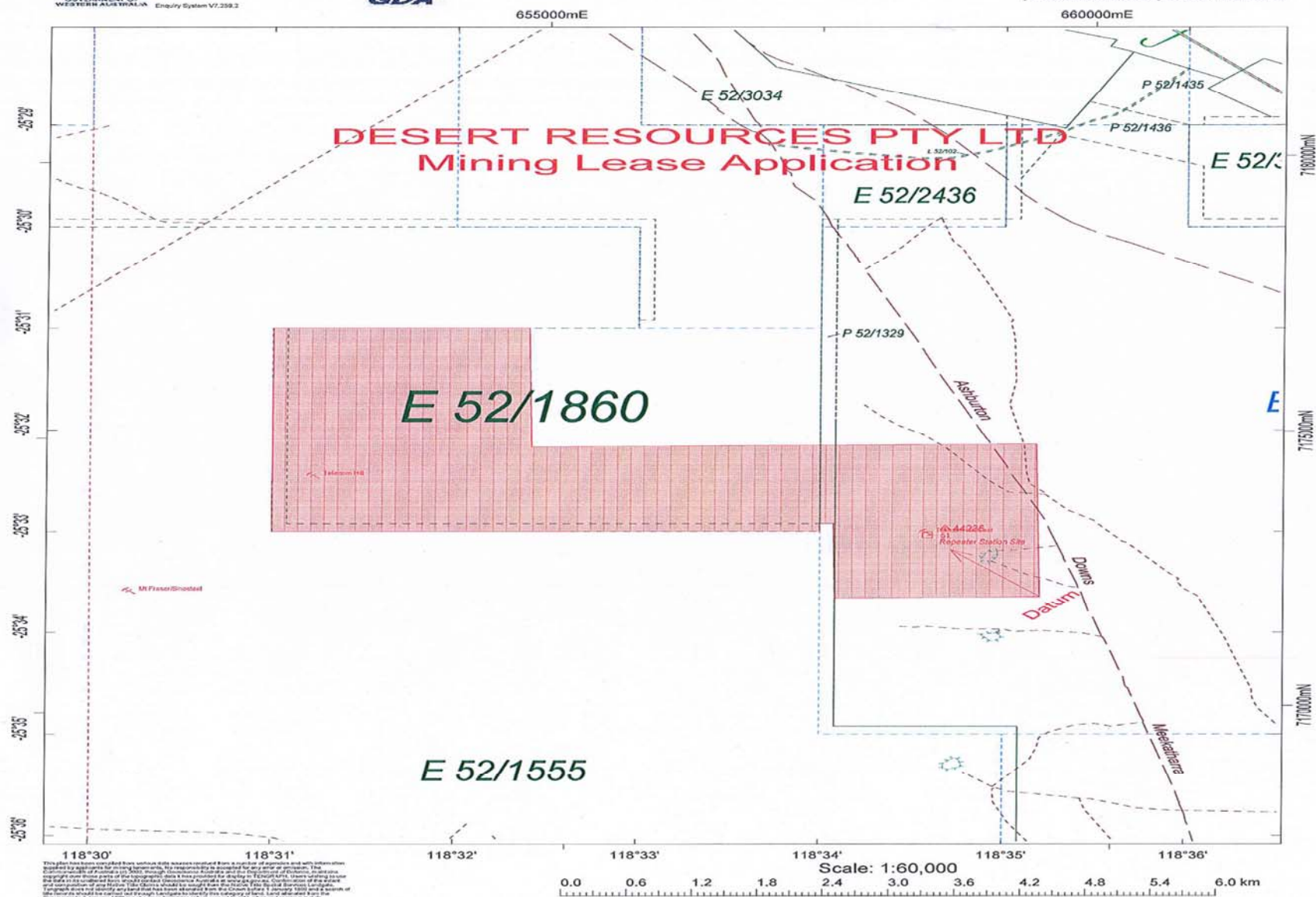


Figure 4 Mining Lease Application Tengraph

Competent Persons Statement

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 2012 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. Dr Shi is not aware of any conflict of interest relating to this work.

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