



The Manager
Company Announcements Office
ASX Limited

8 October 2010

By electronic lodgment

Dear Sir/Madam

**Padbury Mining Limited (ASX: PDY) – takeover bid by Fe Limited
First Supplementary Target's Statement**

We enclose, by way of service pursuant to paragraph 647(3)(b) of the *Corporations Act 2001* (Cth), Padbury Mining Limited's (**Padbury**) first supplementary target's statement dated 8 October 2010 in relation to the off-market takeover bid by Fe Limited for all the ordinary shares in Padbury.

Yours faithfully

Gary Stokes
Managing Director
Padbury Mining Limited

SUPPLEMENTARY TARGET'S STATEMENT

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by Padbury Mining Limited ABN 12 009 076 242 (**Padbury**) in relation to the off-market takeover bid for all the ordinary shares in Padbury by Fe Limited ABN 31 112 731 638.

This First Supplementary Target's Statement supplements, and should be read together with, Padbury's target's statement dated 23 September 2010 (**Original Target's Statement**).

A copy of this First Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor ASX take any responsibility for its contents.

1 The Fe Limited Offer for Padbury is currently void

Section 625(3)(c)(i) of the *Corporations Act* provides that where an off-market takeover offer includes securities as consideration and the offer or bidder's statement states or implies that the securities are to be quoted on a financial market, the offer is subject to a condition that an application for admission to quotation will be made within 7 days after the start of the bid period (being the period when the bidder's statement is given to the target) (the **Quotation Application Condition**).

Section 625(3)(d) provides that the offer may not be freed from this condition.

The bid period for Fe's Offer commenced when the Bidder's Statement was given to Padbury on 24 August 2010. Padbury has become aware that Fe should have lodged the required Appendix 3B to apply for admission for quotation of the Fe Shares to be issued pursuant to the Offer by 31 August 2010. However, Fe did not lodge the required Appendix 3B until 10 September 2010.

Accordingly, the Quotation Application Condition has not been, and cannot be, satisfied. It also cannot be waived by Fe.

In order to remedy this situation, Fe will need to apply to the court for remedial orders under the *Corporations Act* to allow Fe to have an extension of the time period for satisfaction of the Quotation Application Condition.

Padbury Shareholders should therefore note that unless and until the court grants remedial orders to allow Fe an extension of time to satisfy the Quotation Application Condition:

- **the offers under Fe's takeover bid are void;**
- **Fe will not be able to complete on the contracts arising from the acceptance of offers under its takeover bid; and**
- **Padbury Shareholders who attempt to accept the bid will not receive any consideration from Fe.**



Padbury drew Fe's attention to its failure to meet the Quotation Condition and the consequences of that failure on 4 October 2010. Fe has failed to substantively respond to Padbury's concerns or inform Padbury Shareholders of the non-satisfaction of the Quotation Condition. Accordingly, Padbury has itself taken the step of informing Padbury Shareholders of the non-satisfaction of the Quotation Application Condition because that is information that is material to the decision of Padbury shareholders whether to accept Fe's Offer.

2 Resource evaluation drilling commences at Peak Hill Project Joint Venture

Resource evaluation drilling has commenced at the Peak Hill Project Joint Venture. Details of the drilling program are contained in the announcement released to the ASX on 5 October 2010 which is reproduced as **Schedule 1** to this First Supplementary Target's Statement.

3 Recommendation

The Board of Padbury continues to unanimously recommend that Padbury shareholders **REJECT** Fe's Offer for your Padbury Shares.

In order to reject Fe's Offer you should **do nothing**. You should **not** respond to any correspondence from Fe and you should **not** return the acceptance form that accompanies Fe's Bidder's Statement.

Shareholders who have any questions in relation to the takeover bid should call Padbury's office on (08) 6460 0250.

4 Other notices

Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning as in this First Supplementary Target's Statement.

A copy of this First Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Signed for and on behalf of Padbury Mining Limited following a resolution of the directors of Padbury Mining Limited.

▶ 

Director

Gary Stokes

8 October 2010



PADBURY
MINING LIMITED

Schedule 1 – ASX announcement dated 5 October 2010 entitled 'Resource evaluation drilling commences at Peak Hill Project Joint Venture.'

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RESOURCE EVALUATION DRILLING COMMENCES AT PEAK HILL PROJECT JOINT VENTURE

Highlights:

- A 10,500m RC percussion resource evaluation drilling program commenced at the Telecom Hill Prospect on the 3rd October 2010
- The drilling program is aimed at investigating the resource potential of the 1.5–2.0 billion tonne exploration target¹ estimated to be present at the Telecom Hill Prospect and grading 25%–35% Fe
- The program is designed to evaluate an approximately 4km section of the 10km of Robinson Range Formation already mapped at Telecom Hill on which the exploration target at is based
- The drill program is likely to take two months to complete and the results of resource modeling are planned for release in early 2011

Telecom Hill Prospect

In 2009 the Peak Hill Project JV partners recognised the potential of the Telecom Hill Prospect area to host significant tonnages of magnetite beneficiation feed ore (BFO) and since then they have undertaken a number of exploration programs to better understand the deposits. To date, the JV partners have completed surface rockchip sampling, first pass RC percussion drilling programs, and a detailed mapping exercise – 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 banded iron formation (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.

¹ NOTE: This potential quantity and grade 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.

The initial RC percussion drilling program demonstrated that significant thicknesses of magnetite-bearing BIF and GIF are present, as announced previously. Within the Robinson Range Iron Formation the best results occurred at the western end of the Telecom Hill range (see Figure 1) with wide intercepts of magnetite-bearing BIF, up to 168m thick down hole, intersected by the drilling.

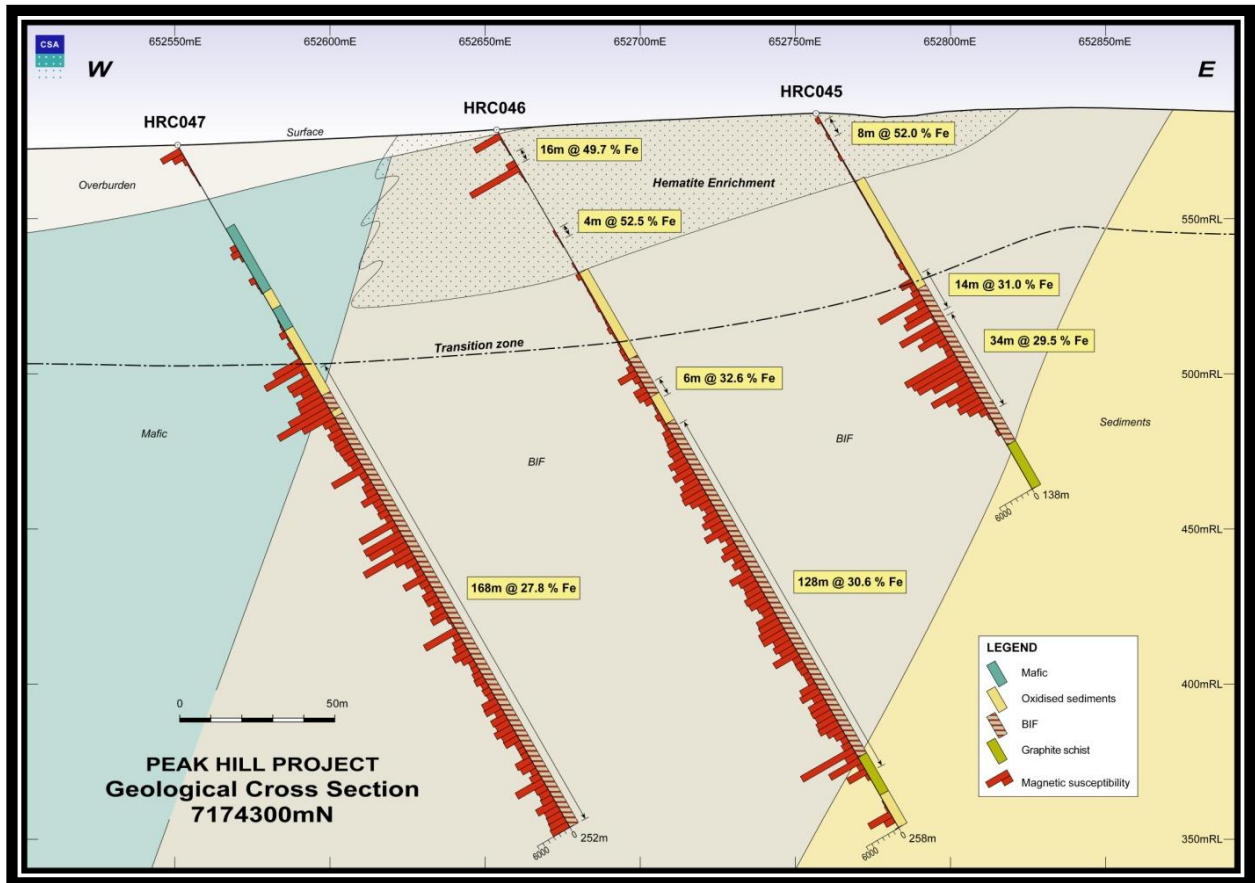


Figure 1. Simplified east-west cross-section through the western end of Telecom Hill Prospect (collar locations shown in Figure 2)

Using an estimate of the average true thickness figure for each BIF unit and extrapolating it to a depth of 250m over the 10km mapped strike length results in an exploration target in the range of 1.5–2.0 billion tonnes² (excluding the upper 50m due to weathering effects). Based on the results of existing drill holes that have intersected the mapped BIF units, this exploration target could have a grade in the range of 25% to 35% iron. However, the potential quantity and grade ranges for this exploration target are conceptual in nature and there is insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

² NOTE: This potential quantity and grade 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.

Resource Evaluation Drilling Program

To evaluate the resource potential of the exploration target at the Telecom Hill prospect a 10500m, 50 hole, RC percussion drilling program has been designed to test a 4km section of the Robinson Range Formation BIF. The program will comprise drill holes positioned at 80m centers on drill lines spaced at 400m. the drill lines will be oriented perpendicular to the BIF stratigraphy (see Figures 2 & 3) and will be angled at -60° to intersect the BIF at an oblique angle. The holes will range in depth from approximately 200 to 250m depth.

The holes will be targeting the western end of the Telecom Hill ridge in the area where previous drilling intersected magnetite bearing BIF within the Robinson Range formation (see Figure 1 and Figure 2). A number of the holes will re-enter the previous shallow RC drilling in this area to better understand the distribution of magnetite and the location of the base of oxidation. This area has been chosen for initial resource evaluation testing as it is in an area of known mineralization with demonstrated continuity from mapping, a strong aeromagnetic signature and a low level of structural complexity.

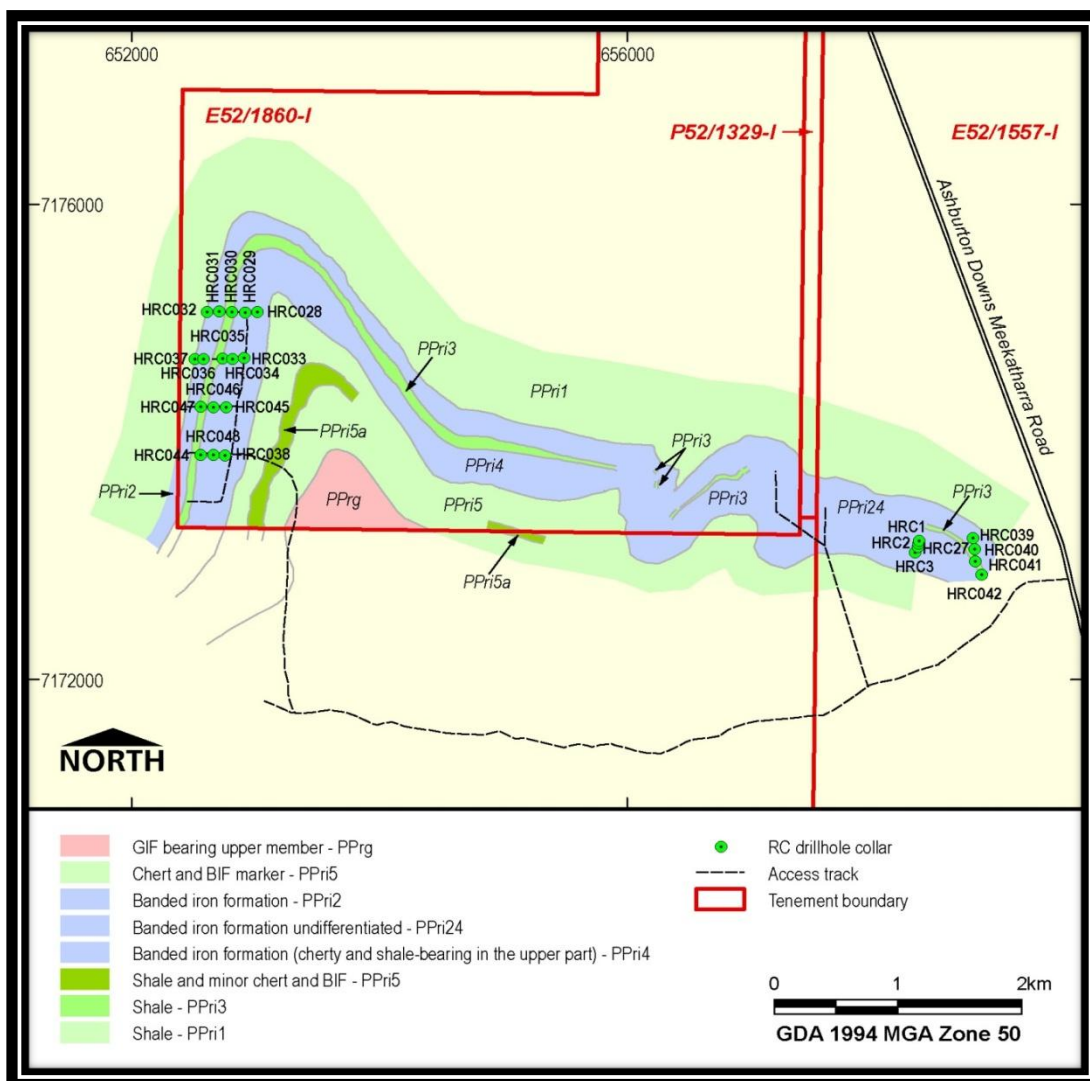


Figure 2. Telecom Hill prospect geological map with previous drilling.

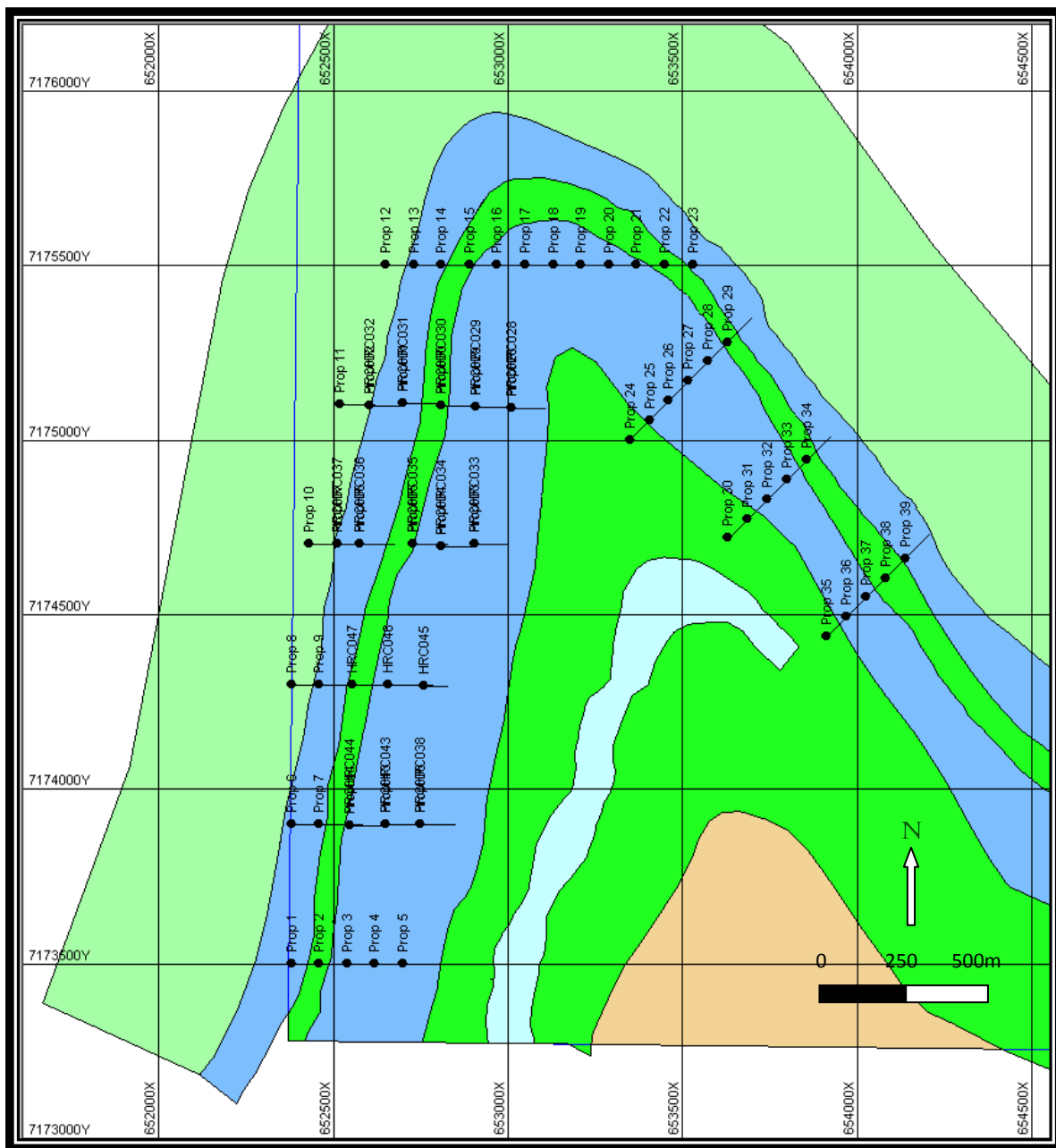


Figure 3. Resource evaluation drilling program proposed drill hole location plan

The commencement of the drilling program demonstrates the JV Partners' commitment to increasing shareholder value by developing a significant new iron ore project in the Midwest region at the Peak Hill project. The primary aims for this first step are to deliver a maiden resource at the project and demonstrate that significant additional potential exists within the project to further increase the scale of development.

For further information please contact:

Mr Gary Stokes

Managing Director

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Competent Persons Statement

The Exploration Results discussed in this report were prepared under the supervision of Mr Daniel Wholley BAppSc MAIG, who is a Director and full time employee of CSA Global Pty Ltd and is a competent person as defined by the Code for the Reporting of Exploration Results, 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.

