



30 March 2012

Ms Tonia Oliveira
Adviser, Issuers (Perth)
Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Tonia,

ASX QUERY

We refer to your letter dated 30 March 2012.

In response to your questions, we reply as follows:

1. No.
2. The company became of the information in the announcement on 20 March 2012 upon execution of the Deed of Settlement.
3. N/A.
4. The matter concerned a royalty claim by Tower Group for vanadium ore mined and processed on tenements that were sold by Padbury (PDY) to Yellow Rock Resources NL (YRR) in 2006. Tower had lodged caveats over the tenements preventing them being transferred from PDY to YRR. YRR paid \$165,000 to Tower to settle the matter thus enabling PDY to transfer the tenements in question to YRR. The matter did not involve any financial exposure to Padbury, it merely prevented PDY being able to effect completion of its obligation under the original sale in 2006.
5. We confirm that the Company is in compliance with the listing rules and in particular, listing rule 3.1.

Yours sincerely

A handwritten signature in black ink, appearing to read "G. Anderson", written over a horizontal line.

GRAHAM ANDERSON
Joint Company Secretary



ASX Compliance Pty Limited
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PERTH WA 6840

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30 March 2012

Mr Graham Anderson
Company Secretary
Padbury Mining Limited

By email: graham@gdacorporate.com.au
Cc: leonard@gdacorporate.com.au

Dear Graham

Padbury Mining Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. The Company's announcement titled "Settlement of litigation", which was released on the Company's platform at 4:02pm (EDST) on 28 March 2012 ("PDY Announcement").
2. The announcement lodged by Yellow Rock Resources Limited titled "Settlement of litigation – dispute over royalty caveat", which was cross released on the Company's platform at 7:16pm (EDST) on 21 March 2012 ("YRR Announcement").

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity".

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

"3.1A.1 A reasonable person would not expect the information to be disclosed.

- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.
- 3.1A.3 One or more of the following applies.
- It would be a breach of a law to disclose the information.
 - The information concerns an incomplete proposal or negotiation.
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
 - The information is generated for the internal management purposes of the entity.
 - The information is a trade secret."

We also draw your attention to listing rule 18.6 which states:

"On admission to the +official list, an entity must comply with the listing rules. This applies even if +quotation of the entity's securities is deferred, suspended or subject to a +trading halt."

Finally, we would also like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the YRR Announcement, the PDY Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions.

1. Does the Company consider the information in the PDY Announcement to be material to the Company?
2. When did the Company become aware of the information in the PDY Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the information in the PDY Announcement.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the information in the PDY Announcement prior to the time that the Company released that announcement, please advise the following:
 - 3.1 Why did the Company not make an announcement at an earlier time?
 - 3.2 why was the information in the PDY Announcement not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the information in the PDY Announcement to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5:00pm (WST) on Monday 2 April 2012.

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0000.

Yours sincerely

[sent electronically without signature]

Tonia Oliveira
Adviser, Listings (Perth)