

PADBURY MINING LIMITED

ABN 12 009 076 242

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2011

PADBURY MINING LIMITED

HALF-YEAR REPORT

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PADBURY MINING LIMITED

CORPORATE DIRECTORY

DIRECTORS

Terrence Quinn (Non-Executive Chairman)
Gary Stokes (Managing Director)
William Han (Non-Executive Director)

SECRETARY

Graham Anderson
Leonard Math

REGISTERED AND PRINCIPAL OFFICE

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West Perth WA 6005

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SHARE REGISTRY

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Perth WA 6000

Telephone: (08) 9323 2000
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AUDITORS

RSM Bird Cameron Partners
8 St George's Terrace
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

Padbury Mining Limited shares (PDY) and options
(PDYOB) are listed on the ASX Limited

PADBURY MINING LIMITED

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2011.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Terence Quinn (Non-Executive Chairman) (appointed 19 Dec 2011)
Gary Stokes (Managing Director)
William Han (Non-Executive Director) (appointed 19 Dec 2011)
John Saunders (Non-Executive Chairman) (resigned 19 Dec 2011)
Colin Stirling (Non-Executive Director) (resigned 17 Nov 2011)
Luke Innes (Non-Executive Director) (resigned 17 Nov 2011)
David Southam (Non-Executive Director) (appointed 5 Sept 2011; resigned 19 Dec 2011)
Garret Dixon (Non-Executive Director) (appointed 5 Sept 2011; resigned 19 Dec 2011)
Sydney Chesson (Non-Executive Alternate Director to Colin Stirling) (appointed 21 Oct 2011; resigned 17 Nov 2011)

REVIEW OF OPERATIONS

The net loss for the half-year ended 31 December 2011 was \$3,455,400 (31 December 2010 - \$2,438,130).

Highlights:

- **Davis Tube Recovery (DTR) results from the main BIF 1 target unit indicate high-quality concentrate of >65% Fe can be achieved, with low impurities and mass recoveries about 22 %**
- **All holes intersecting BIF 1 contain magnetite mineralisation that can be upgraded, demonstrating a high degree of geological continuity.**
- **The mineralisation is open along strike to the east and at depth.**
- **Work on an updated estimate to include the new DTR data has commenced**
- **Drilling for hematite commenced at Peak Hill**
- **Environmental consultants appointed for flora and fauna surveys**
- **Padbury joined Geraldton Iron Ore Alliance**
- **Padbury Mining and Aurium Resources entered Merger Negotiations**

An evaluation drilling program at Telecom Hill confirmed the presence of a large magnetite deposit. The drilling has shown the Robinson Range BIF stratigraphy to be continuous along strike and at depth in the tested area. The main target BIF unit is typically between 200m to 250m in true thickness and has relatively uniform iron grades in the magnetite-bearing sections (see Figures 1 & 2).

All 4m composite drill hole samples were analysed by fused disc XRF for a standard iron suite of elements (Fe, SiO₂, Al₂O₃, P, Mn, S, MgO, CaO, TiO₂, Zn and LOI).

DTR test work returned excellent results for the Peak Hill Iron Project.

The data reinforced the highly prospective nature of the Company's flagship project, which has an Inferred JORC compliant resource of 850Mt at 27.3% Fe.

The results followed the announcement that two significant areas of high-grade hematite outcrop had been delineated at Telecom Hill, with rock chip samples collected during mapping showing high iron grades of between 60-65% Fe'.

PADBURY MINING LIMITED

DIRECTORS' REPORT

DTR Test Work - Background

The DTR analysis focused on the BIF 1 component of the previously announced 850Mt Inferred Resource at 27.3% Fe. The completed DTR test work showed encouraging results demonstrating the main BIF 1 target unit (Figure 1) can produce high-quality concentrate of greater than 65% Fe, with mass recoveries in the order of 22%, and low impurities (Table 1).

As part of the evaluation program, 1597 four-metre composite samples from 46 holes were submitted for DTR analysis. Approximately 80% of the DTRs were collected from BIF 1, since this is the main target for the evaluation programs at Telecom Hill. The remaining 20% of samples were collected from BIF2 (15%) and BIF 3 (5%) to get some indicative results.

The DTR results confirm that BIF 1 contains the best grade and best continuity of magnetite ore at the Telecom Hill deposit. All of the holes that intersected BIF 1 contain material capable of producing a high quality, low-impurity magnetite concentrate.

Table 1 lists all of the BIF 1 intercepts with DTR data above 60% Fe and with mass recoveries greater than 15% within the Telecom Hill project (with up to 8m of internal dilution). The weighted average of these values indicate the BIF 1 material could produce a concentrate of greater than 65% Fe with a mass recovery of approximately 22% and low impurity levels (Table 1).

The DTR data demonstrate the BIF 1 unit tends to be higher grade in the centre and towards the footwall contact (Figure 2), with some variability in oxide / transition zone. This zone does contain material that can be recovered, but at a slightly lower grade than from the un-oxidised parts of the deposit.

Further work is planned to improve understanding of the oxidised part of the deposit. As part of the next phase of work, the geology modeling for the deposit will be re-interpreted to include the DTR data and better define the asset to optimise the concentrate quality.

PADBURY MINING LIMITED DIRECTORS' REPORT

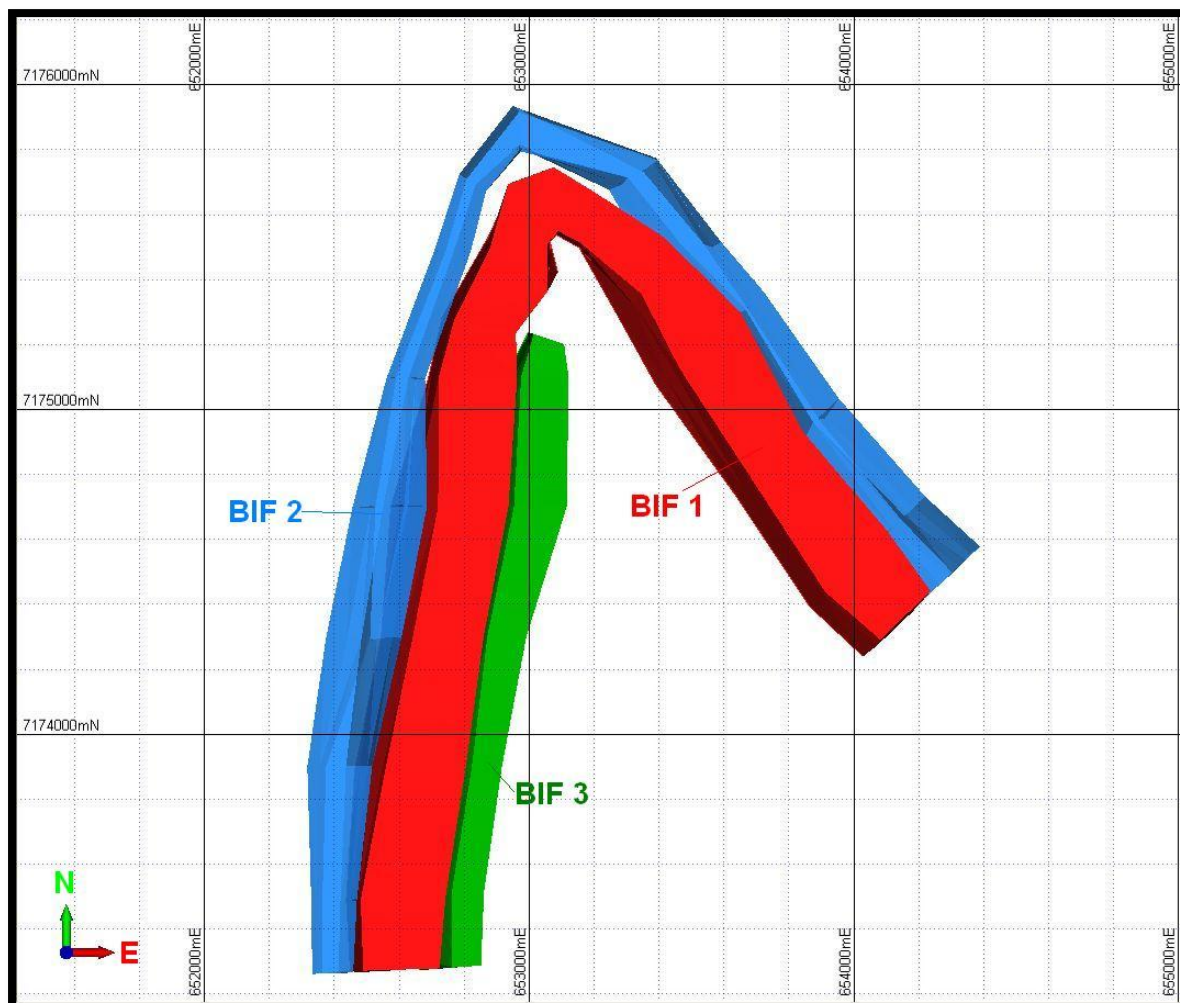


Figure 1. BIF Wireframes at the Telecom Hill Deposit

A more limited set of DTR samples were collected from BIF 2 and BIF 3 to assess whether these parts of the deposit were appropriate additional targets.

The DTR data from BIF 2 indicates some of this material will be amenable to beneficiation, but more test work is required to assess the distribution and quality of magnetite mineralisation within the unit. More samples will be sent for analysis and a number of new holes are planned for the next round of evaluation drilling. Data collected to date from BIF 3 indicates magnetite recoveries could be too low to be economically viable.

All of the DTR samples were crushed then pulverised so 80% of the sample would pass through a 38 micron screen. The whole sample was analysed using fused disc XRF for a standard iron ore suite of elements. The majority of the analysis was completed at ALS Perth and the remainder at Spectrolabs Geraldton.

PADBURY MINING LIMITED DIRECTORS' REPORT

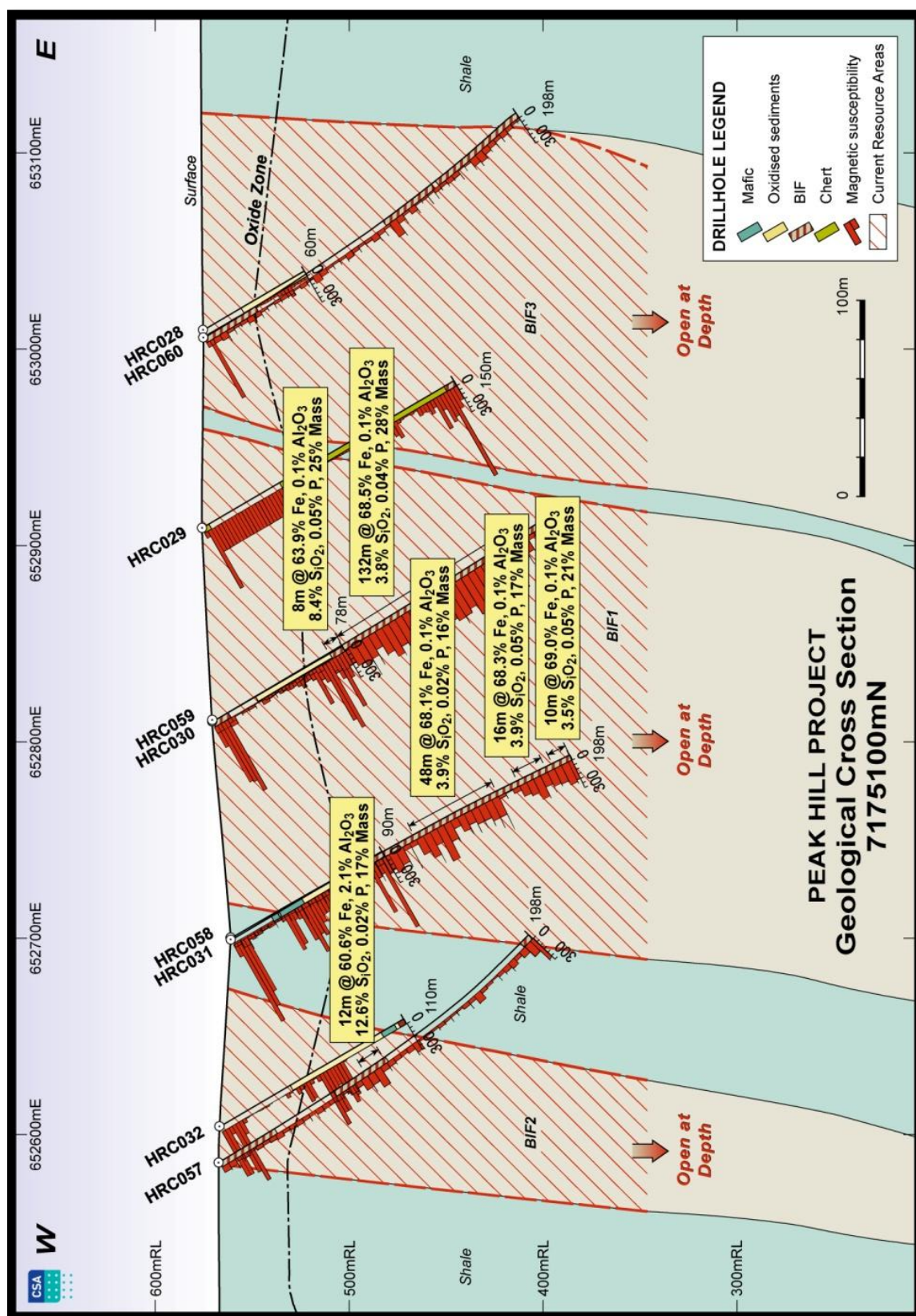


Figure 2: Drilling Cross Sections

PADBURY MINING LIMITED

DIRECTORS' REPORT

Table 1. Significant intercepts from BIF 1 DTR test work

Hole_ID	BIF Unit	From	To	Int	Conc Fe %	Conc Al ₂ O ₃ %	Conc SiO ₂ %	Conc P %	Conc Mass Rec %
HRC030	BIF 1	70	78	8	63.91	0.15	8.40	0.05	24.69
HRC035	BIF 1	72	80	8	66.27	0.13	6.04	0.05	26.30
HRC045	BIF 1	86	94	8	62.68	0.20	8.63	0.07	21.54
HRC046	BIF 1	208	216	8	65.14	0.21	7.31	0.07	23.34
HRC047	BIF 1	206	214	8	66.56	0.19	5.51	0.05	21.44
HRC048	BIF1	120	156	36	63.63	0.27	9.82	0.02	20.55
HRC049	BIF1	144	198	54	67.64	0.14	5.07	0.05	21.47
HRC050	BIF1	56	192	136	63.51	0.12	4.42	0.05	20.81
HRC054	BIF1	168	192	24	69.22	0.02	3.25	0.02	16.15
HRC055	BIF1	104	198	94	68.00	0.10	4.23	0.05	24.35
HRC058	BIF1	108	156	48	68.06	0.07	3.86	0.02	15.84
HRC058	BIF1	168	184	16	68.34	0.09	3.94	0.05	16.97
HRC058	BIF1	188	198	10	68.98	0.09	3.45	0.05	20.59
HRC059	BIF1	56	188	132	68.49	0.10	3.84	0.04	28.19
HRC061	BIF1	76	192	116	64.82	0.24	6.67	0.06	17.26
HRC064	BIF1	112	198	86	65.78	0.19	6.59	0.06	29.42
HRC065	BIF1	56	160	104	64.32	0.20	7.84	0.06	15.09
HRC069	BIF1	104	216	112	64.95	0.22	7.35	0.06	21.97
HRC075	BIF1	68	167	99	61.48	0.22	8.06	0.05	19.36
HRC076	BIF1	48	198	150	66.23	0.16	6.31	0.06	29.22
HRC077	BIF1	80	116	36	61.71	0.01	2.47	0.02	16.93
HRC077	BIF1	140	224	84	67.68	0.13	4.55	0.02	20.63
HRC077	BIF1	232	250	18	68.02	0.11	4.27	0.03	18.48
HRC078	BIF1	124	136	12	64.79	0.35	8.91	0.02	19.74
HRC078	BIF1	148	198	50	67.98	0.14	4.38	0.02	16.52
HRC082	BIF1	156	176	20	68.51	0.11	3.67	0.02	16.34
HRC082	BIF1	180	196	16	69.06	0.09	3.55	0.02	16.04
HRC082	BIF1	212	248	36	60.36	0.12	4.27	0.04	19.94
HRC083	BIF1	60	164	104	61.92	0.12	4.81	0.05	24.96
Weighted Average					65.45	0.15	5.61	0.05	21.92

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DIRECTORS' REPORT

Table 2. Significant intercepts from other BIF DTR test work

Hole_ID	BIF Unit	From	To	Int	Conc Fe %	Conc Al ₂ O ₃ %	Conc SiO ₂ %	Conc P %	Conc Mass Rec %
HRC053	BIF2	180	198	18	64.16	0.26	9.84	0.02	24.55
HRC054	BIF2	96	132	36	65.13	0.32	7.77	0.00	16.75
HRC057	BIF2	88	100	12	60.65	2.08	12.58	0.02	17.13
HRC068	BIF2	56	100	44	61.82	0.49	10.80	0.06	15.38
HRC070	BIF2	128	164	36	64.10	0.44	9.09	0.04	23.54
HRC072	BIF2	92	116	24	60.63	0.42	15.48	0.06	24.61
HRC072	BIF2	116	140	24	63.90	0.52	9.58	0.06	24.58
HRC073	BIF2	72	96	24	62.31	0.42	11.59	0.04	20.49
HRC079	BIF2	80	88	8	68.56	0.09	3.40	0.02	17.77
HRC081	BIF2	72	88	16	60.10	0.34	14.95	0.02	16.60
HRC082	BIF2	108	128	20	63.66	0.28	10.21	0.02	24.39
HRC090	N/A	184	198	14	68.63	0.09	0.41	0.05	38.86
HRC091	N/A	32	88	56	63.16	0.34	9.25	0.07	24.31
HRC093	N/A	28	64	36	68.79	0.26	1.97	0.02	20.48
HRC093	N/A	68	88	20	68.84	0.31	1.36	0.05	15.17
HRC094	N/A	124	188	64	61.04	0.16	8.57	0.02	18.68
Weighted Average					63.67	0.37	8.70	0.04	20.98

New Drilling Program

During this half of 2011 further drilling commenced at both the Mt Padbury and Telecom Hill sites. Approval was received from the Department of Mines and Petroleum for drilling at Mt Padbury and the company announced the execution of a drilling contract for 12,500 metres of reverse circulation drilling at Peak Hill.

This drilling program is the first aimed at the JV's DSO exploration target of 10-55Mt at 55-58% Fe'. The first hole was collared on a tight, steep pad on the west side of the Telecom Hill East prospect and went to 216 metres. Logging & sampling was completed for all metres drilled.

Geological mapping at the site had identified iron ore targets with potentially significant platy hematite-goethite mineralisation with a hematite exploration target¹ of 20–28 million tonnes at 55–60% Fe'.

This indicates that Peak Hill is highly prospective for hematite (Direct Shipping Ore – DSO). Thirty-nine RC holes were approved by government agencies. Earthworks are completed for up to 35 locations to be tested in this campaign.

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.

PADBURY MINING LIMITED DIRECTORS' REPORT

DSO can offer the opportunity for early development of the project and would support the development of the company's Telecom Hill magnetite asset.

The Mt Padbury drilling is the follow up on subsurface testing of potential hematite mineralisation identified in exploration mapping carried out earlier in 2011. The Mt Padbury operations will be integrated within the ongoing evaluation drilling of magnetite and hematite potential for the Peak Hill project at Telecom Hill.

This combined program is the largest undertaken by Padbury and is part of a focused strategy to build the Peak Hill Iron Project base.

The drilling program is scheduled to finish in the first quarter of 2012, with results from testwork on core samples also expected in the first quarter of 2012.

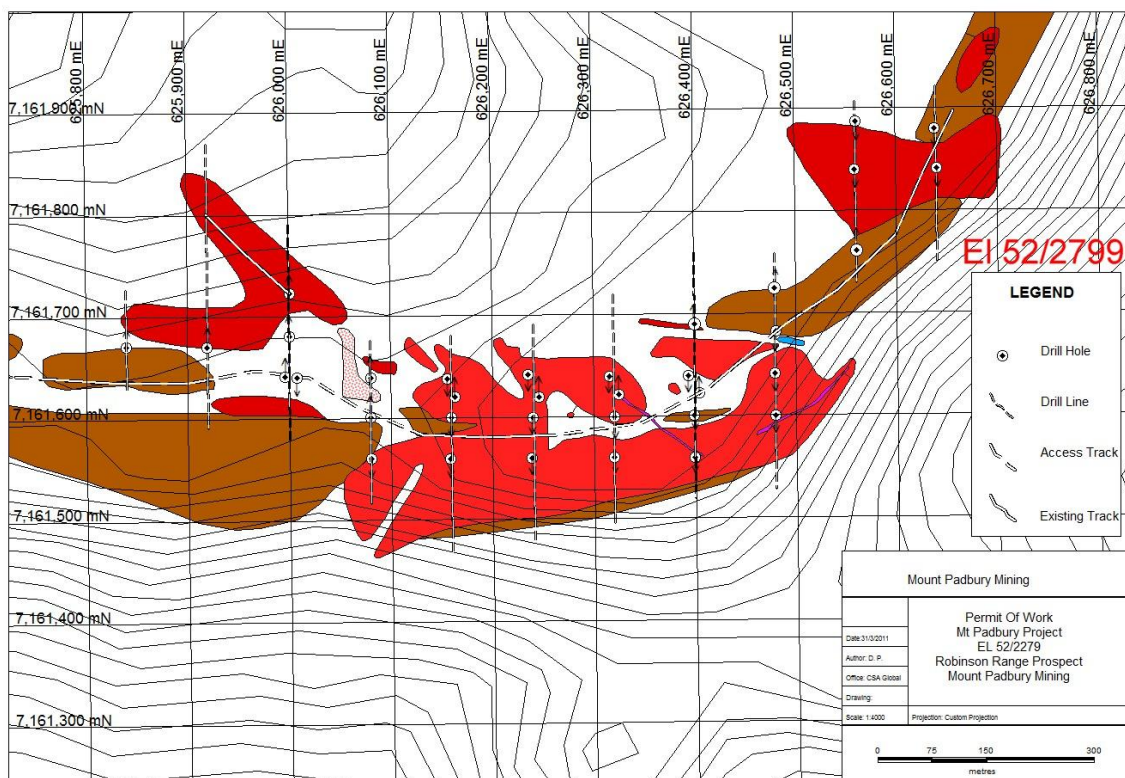


Figure 3: Mt Padbury Proposed Drilling Locations



PADBURY MINING LIMITED

DIRECTORS' REPORT

Flora and Fauna Surveys

Padbury appointed environmental consultants GHD to undertake spring flora and fauna assessments at its flagship Peak Hill Iron Project on behalf of the joint venture partners Padbury and Aurium Resources Limited (ASX:AGU).

Spring and autumn flora and fauna surveys are a critical component of the government environmental approvals process and were undertaken at Peak Hill's key Mt Padbury and Telecom Hill tenements.

An early start on baseline studies is important to try and avoid delays in project development. The environmental approvals process is rigorous and time consuming and project progress can be significantly held up as a result.

The joint venturers will ensure we undertake all work necessary to meet the government's environmental requirements. Work on the flora and fauna surveys included a desktop assessment, a reconnaissance field survey by a botanist and zoologist and the reporting of the results.

Telecom Hill Prospect History

In 2009, the Peak Hill Project JV partners recognised the potential of the Telecom Hill Deposit area to host significant tonnages of magnetite beneficiation feed ore (BFO), and since then they have undertaken a number of exploration programs to increase understanding of the deposits.

The JV partners have committed to the rapid evaluation of the prospect, which to date has included surface rock chip sampling; evaluation RC percussion drilling programs, aeromagnetic interpretation and a detailed geological mapping – 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 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.

Drilling at the Telecom Hill Prospect to date has tested just 4km of the identified 10km strike length of the targeted area of iron mineralisation. Exploration data indicates substantial potential for delineation of additional mineralisation.

Geraldton Iron Ore Alliance

Padbury has joined the Geraldton Iron Ore Alliance as an Associate member.

With the development of the Oakajee Port and associated rail network, the Mid West will become Australia's next big iron ore region and the company is excited to be a part of that growth.

The GIOA offers a valuable network to its member companies and Padbury looks forward to working with them and contributing to the advocacy of the region.

PADBURY MINING LIMITED

DIRECTORS' REPORT

Proposed Merger

Padbury Mining Ltd (ASX: PDY) and Aurium Resources Ltd (ASX: AGU) have entered into formal, good faith negotiations on a possible merger between the two companies.

An agreement setting the terms of the negotiations was signed with the agreement setting out a 60-day exclusivity period and the necessary confidentiality obligations and confirmed that each party will undertake due diligence reviews of the other, plus discuss possible merger terms and structures.

Terms of any merger have not yet been agreed and will be discussed as part of negotiations. Shareholders should not assume this process will necessarily lead to a successful merger outcome which, in any event, will be subject to appropriate approvals.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2011 there was no significant change in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2011 is included within this financial report.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Terence Quinn
Director

Perth, 12 March 2012

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.

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.

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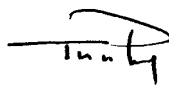
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Padbury Mining Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 12 March 2012

PADBURY MINING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2011

		Consolidated	Consolidated
	Note	31 December 2011 \$	31 December 2010 \$
Continuing operations			
Revenue	2	182,981	511,960
Loss on investment		(28,000)	-
Depreciation expense		(3,560)	(1,045)
Exploration and evaluation expenditure		(2,143,038)	(1,717,799)
Administration expenses		(850,791)	(607,992)
Directors fees and benefits		(154,893)	(230,645)
Consulting fees		(458,099)	(392,609)
Loss before income tax expense		<u>(3,455,400)</u>	<u>(2,438,130)</u>
Income tax expense		<u>-</u>	<u>-</u>
Net loss for period		<u>(3,455,400)</u>	<u>(2,438,130)</u>
Other comprehensive (loss) /income			
Net change in fair value of available-for-sale financial assets		<u>(420,000)</u>	<u>1,168,000</u>
Other comprehensive (loss)/income for the period, net of tax		<u>(420,000)</u>	<u>1,168,000</u>
Total comprehensive loss attributable to members of Padbury Mining Limited		<u><u>(3,875,400)</u></u>	<u><u>(1,270,130)</u></u>
 Basic and diluted loss per share (cents per share)		 (0.14)	 (0.18)

The accompanying notes form part of these financial statements

PADBURY MINING LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

		Consolidated	Consolidated
		31 December	30 June
	Note	2011	2011
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		6,939,993	11,770,639
Trade and other receivables		744,724	492,867
Other financial assets		-	28,000
Total Current Assets		<u>7,684,717</u>	<u>12,291,506</u>
Non-Current Assets			
Other financial assets		630,000	1,050,000
Property, plant and equipment		92,735	6,386
Deferred exploration expenditure	3	11,036,955	10,870,000
Intangible assets		<u>2,560,000</u>	<u>2,560,000</u>
Total Non-Current Assets		<u>14,319,690</u>	<u>14,486,386</u>
Total Assets		<u>22,004,407</u>	<u>26,777,892</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		<u>1,342,076</u>	<u>6,585,161</u>
Total Current Liabilities		<u>1,342,076</u>	<u>6,585,161</u>
Total Liabilities		<u>1,342,076</u>	<u>6,585,161</u>
Net Assets		<u>20,662,331</u>	<u>20,192,731</u>
EQUITY			
Issued capital	4	51,136,126	46,791,126
Reserves		6,250,504	6,670,504
Accumulated losses		<u>(36,724,299)</u>	<u>(33,268,899)</u>
Total Equity		<u>20,662,331</u>	<u>20,192,731</u>

The accompanying notes form part of these financial statements

PADBURY MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2011

Consolidated	Issued Capital	Accumulated Losses	Financial Asset Reserve	Option Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2010	36,059,065	(29,926,894)	105,000	6,075,504	12,312,675
Loss for the period	-	(2,438,130)	-	-	(2,438,130)
Net change in fair value of other financial assets	-	-	1,168,000	-	1,168,000
Total comprehensive loss for period	-	(2,438,130)	1,168,000	-	(1,270,130)
Securities issued during the period	50,000	-	-	-	50,000
At 31 December 2010	36,109,065	(32,365,024)	1,273,000	6,075,504	11,092,545
At 1 July 2011	46,791,126	(33,268,899)	595,000	6,075,504	20,192,731
Loss for the period	-	(3,455,400)	-	-	(3,455,400)
Net change in fair value of other financial assets	-	-	(420,000)	-	(420,000)
Total comprehensive loss for period	-	(3,455,400)	(420,000)	-	(3,875,400)
Securities issued during the period	4,345,000	-	-	-	4,345,000
At 31 December 2011	51,136,126	(36,724,299)	175,000	6,075,504	20,662,331

The accompanying notes form part of these financial statements

PADBURY MINING LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2011

	Consolidated	Consolidated
	31 December	31 December
	2011	2010
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,603,914)	(1,485,214)
Payments for exploration expenditure	(1,232,816)	(443,455)
Interest received	182,981	59,032
Net cash (used in) operating activities	<u>(2,653,749)</u>	<u>(1,869,637)</u>
Cash flows from investing activities		
Purchase of other intangible assets	(1,920,000)	-
Exploration costs capitalised	(166,988)	-
Purchase of fixed assets	(89,909)	-
Net cash (used in) investing activities	<u>(2,176,897)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of securities	-	50,000
Net cash provided by financing activities	<u>-</u>	<u>50,000</u>
Net (decrease) in cash held	(4,830,646)	(1,819,637)
Cash at beginning of the half-year	11,770,639	2,634,526
Cash at end of the half-year	<u>6,939,993</u>	<u>814,889</u>

The accompanying notes form part of these financial statements

PADBURY MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Padbury Mining Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

New and Revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

2. LOSS BEFORE INCOME TAX EXPENSE

	31 December 2011 \$	31 December 2010 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Revenue:		
Interest received	182,981	59,033
Unrealised gain on other financial assets	-	22,400
Proceeds from farm-in of joint venture interest	-	430,527

PADBURY MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

3. DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

	31 December 2011 \$	30 June 2011 \$
Deferred exploration and evaluation	11,036,955	10,870,000
Movement		
Balance at beginning of half-year	10,870,000	
Acquisition of tenements	166,955	
Balance at end of half-year	11,036,955	

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

4. ISSUED CAPITAL

	31 December 2011 \$	30 June 2011 \$
Issued Capital		
Ordinary shares – fully paid	51,136,126	46,791,126
Movement in ordinary shares on issue		31 December 2011 \$
Balance at beginning of half-year	1,964,533,643	46,791,126
Exercise of options	434,500,000	4,345,000
Balance at end of half-year	2,399,033,643	51,136,126

5. SEGMENT INFORMATION

The consolidated entity has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and has identified one reportable segment. The identifiable reportable segment is mineral exploration within Australia.

6. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

7 DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2011 or in the prior period, and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2011.

PADBURY MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

8. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date:

On 13 February 2012, Padbury Mining Limited (Padbury) and Aurium Resources Limited (Aurium) entered into a binding scheme implementation agreement for the acquisition by Padbury of Aurium by way of a scheme of arrangement.

The share scheme considerations are:

- 1 for each Aurium Fully Paid Share held by a Scheme Shareholder at the Record Date – 3 Padbury Shares; and
- 2 for every 2.5 Partly Paid Aurium Shares held by a Scheme Shareholder at the Record Date – 1 Padbury Share.

The option scheme consideration is the consideration to be provided to Aurium Listed Optionholders in consideration for the transfer of their Aurium Listed Options to Padbury being, 1 New Padbury Option for each Aurium Listed Option held by a Scheme Optionholder at the Record Date.

No other matter or circumstance has arisen since the end of the half-year which has significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported for the half-year ended 31 December 2011.

PADBURY MINING LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Padbury Mining Limited ('the company'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Terence Quinn
Director

Perth, 12 March 2012

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PADBURY MINING LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Padbury Mining Limited which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Padbury Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Padbury Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

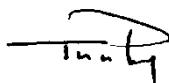
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Padbury Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



TUTU PHONG
Partner

Perth, WA
Dated: 12 March 2012