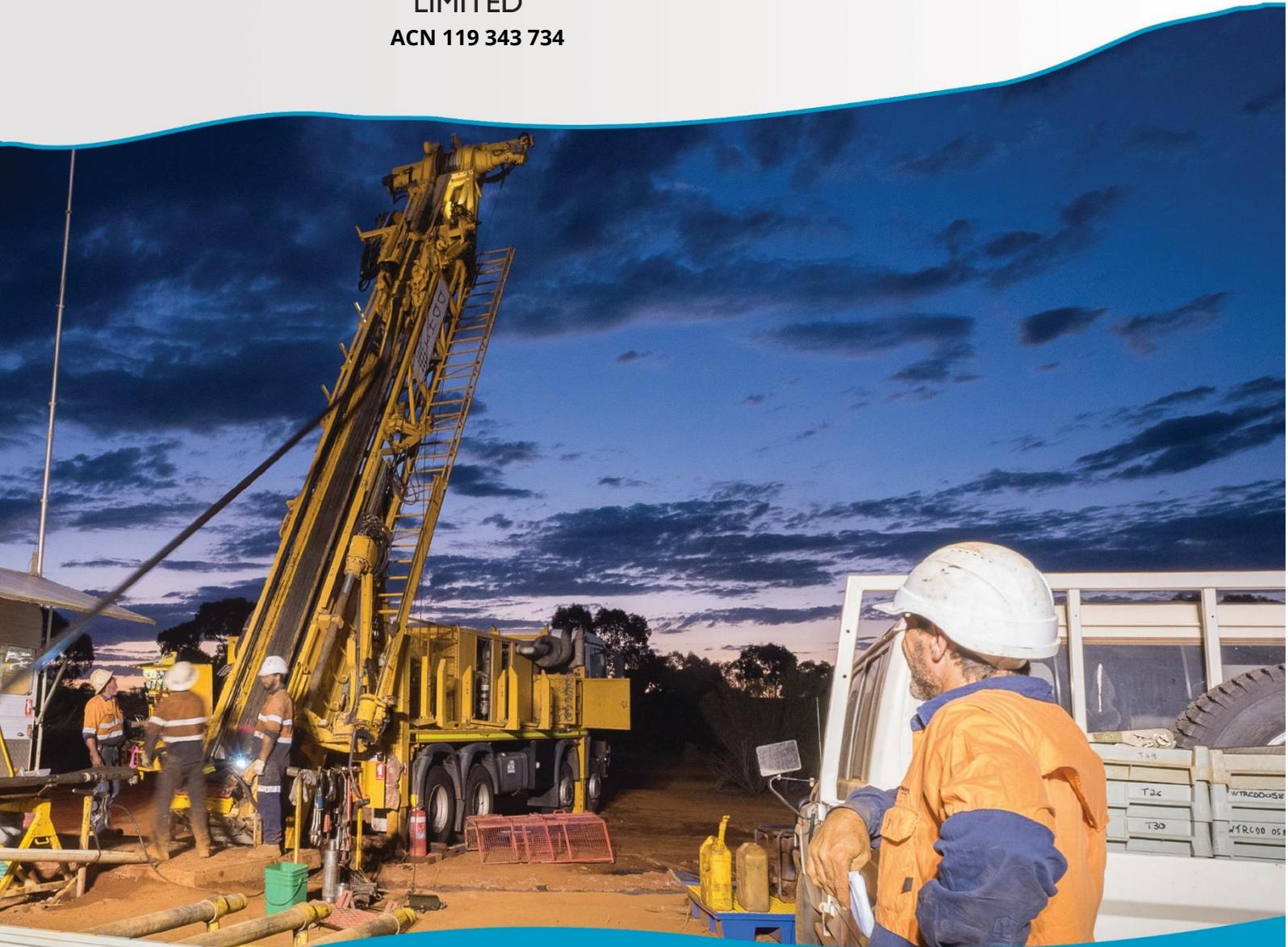




peel mining LIMITED

ACN 119 343 734



ANNUAL REPORT 2018

Directors

Simon Hadfield Non-executive Chairman
Rob Tyson Managing Director
Graham Hardie Non-executive Director

Company Secretary

Ryan Woodhouse

Registered Office

Unit 1, 34 Kings Park Rd
WEST PERTH WA 6005
Telephone: +61 (0) 8 9382 3955
Email: info@peelmining.com.au

Stock Exchange Listing

Securities of Peel Mining Limited are listed on the Australian Securities Exchange (ASX)
ASX Code: PEX

ACN: 119 343 734

Share Registry

Link Market Services Limited
Level 4, 152 St Georges Tce
PERTH WA 6000

Telephone: +61 1300 554 474
Facsimile: +61 (0)2 9287 0303
Website: www.linkmarketservices.com

Auditors

PricewaterhouseCoopers
Level, 15
125 St Georges Terrace
Perth WA 6000

Website

www.peelmining.com.au

CONTENTS

Chairman's report	2
Review of operations	4
Schedule of tenements	14
Directors' report including remuneration report	15
Consolidated statement of profit and loss and other comprehensive income	26
Consolidated statement of financial position	27
Consolidated statement of changes in equity	28
Consolidated statement of cash flows	29
Notes to the consolidated financial statements	30
Directors' declaration	56
Auditor's independence declaration	57
Independent auditor's report	58
Additional ASX information	64
Shareholder Information	73

Peel Mining Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the directors on 27 September 2018. The directors have the power to amend and reissue the financial statements.

Dear Fellow Shareholders

Peel Mining Limited continued to forge ahead in 2017/18 with the discovery of the high-grade Southern Nights zinc-lead-silver prospect, the successful spin-out of the Apollo Hill gold project and encouraging progress on the pre-feasibility study to mine the high-grade Mallee Bull copper project. The Company also had some exceptional copper hits at its Wirlong project, near Mallee Bull in the Cobar region of NSW, with this project now shaping up as a typical Cobar-type deposit, with many similarities to Glencore's CSA copper mine.

The Southern Nights discovery and the latest success at Wirlong vindicate the Company's decision to focus its exploration efforts in the lightly-explored southern end of the Cobar basin in NSW, which over the past 100 years has been home to some of the richest copper-zinc-lead-silver mines and gold mines in Australia. Since it began exploring in this area eight years ago Peel has made four significant high-grade discoveries, all with similar tenor to existing mines in the area.

Southern Nights

The high-grade zinc-lead-silver discovery now known as Southern Nights was confirmed with exceptional assay results from drilling in early October 2017 about 1km south of the Company's Wagga Tank project. Results included:

- **21m @ 31.02% Zn, 12.05% Pb, 258 g/t Ag, 1.43 g/t Au from 194m in WTRC035**
- **58m @ 3.88% Zn, 1.19% Pb, 28 g/t Ag, 0.28 g/t Au from 139m in WTRC033.**

Further results announced in January included:

- **46m @ 17.01% Zn, 9.57% Pb, 272 g/t Ag, 1.22 g/t Au from 201m in Hole WTRCDD033, including 16m @ 25.66% Zn, 15.01% Pb, 361 g/t Ag, 0.86 g/t Au**

Further drilling has had continued success and the company's 100%-owned Wagga Tanks/Southern Nights project is now emerging as one of the most significant zinc polymetallic discoveries in Australia in recent years. Southern Nights is now defined by significant mineralisation over >700m strike with mineralisation open to the south and north and at depth. Wagga Tanks and Southern Nights together are now defined by geophysics and RAB drilling results over a strike length of >2.7km.

The Company has almost completed a \$12.3 million fund raising via a placement and fully underwritten rights issue with approximately \$6m of this to be used to further accelerate drilling at Southern Nights.

Mallee Bull

In July 2018 Peel announced positive infill drilling results from its 50%-owned Mallee Bull deposit. The drilling was undertaken as part of a Pre-Feasibility Study investigating the development of the upper portion of Mallee Bull as a "dig and truck" operation, under which ore would be milled at JV partner CBH's Endeavour mine at Cobar, where surplus milling capacity exists. The infill drilling, targeting between 180m-300m below surface, included:

- **11m @9.02% Cu, 114 g/t Ag, 0.37% Au from 296m in MBRCDD115**
- **14.15m @ 4.27% Cu, 51 g/t Ag, 0.25 g/t Au from 262m in MBRCDD110**

The company looks forward to announcing a positive outcome from this study in the near future and working closely with CBH Resources to advance Mallee Bull into this exciting new phase.

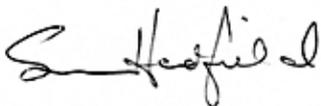
Apollo Hill

The Company's Apollo Hill gold project was sold to new company Saturn Metals Ltd, which successfully floated on the ASX in March, raising \$7 million in a heavily oversubscribed IPO. Peel retained 35.71% of Saturn.

Saturn's team has been working diligently post float completing three rounds of drilling at the Apollo Hill gold project and their Managing Director, Ian Bamborough, plans to update the existing inferred mineral resource at Apollo Hill by the end of October 2018. As a major shareholder of the Company we look forward to this significant development.

Finally, on behalf of all shareholders, I would like to thank Peel's first-rate team for the excellent results achieved in the past year.

Yours Sincerely,



Simon Hadfield

Chairman

27th September 2018

Company Overview

Peel Mining Limited (“Peel”) is a base and precious metals explorer focused on the Cobar Region of New South Wales, Australia. Peel Mining Ltd has been active in the Cobar basin since March 2010. In that time, Peel has grown to become NSW’s predominant greenfield’s explorer, gaining the largest single company holding of over 5,000 km² in the Cobar basin. The Company has three major project areas; the Mallee Bull Joint Venture, Cobar Superbasin Project and Wagga Tank project area.

The Mallee Bull Project is centred on the namesake Mallee Bull copper deposit, discovered in August 2011. In 2012 CBH Resources Limited farmed into the project spending \$8.1 million to earn a 50% interest. Mallee Bull represents one of the highest grade, undeveloped copper resources in Australia with an updated resource estimate published in July 2017 (See mineral estimation tables’ page 12 of this report).

Peel’s Cobar Superbasin Project (CSP) is under a farm-in agreement with Japanese Oil Gas and Metals National Corporation (JOGMEC) which is earning up to a 50% interest by spending up to \$7 million exploration expenditure. The project consists of 16 highly prospective tenements covering ~2,500 km² in the Cobar Basin. Investigations so far have resulted in the discovery of a significant copper mineralised system at the Wirlong prospect.

Wirlong has received minimal modern exploration and is defined by >2 km strike of sheared volcanics and sediments; large multi-element soil geochemical anomalies; and coincident/semi-coincident geophysical anomalies.

Wagga Tank is located ~130 km south of Cobar on the western edge of the Cobar Superbasin. Mineralisation represents a polymetallic Cobar-style or VHMS-type deposit with multiple significant historic drill intercepts. The mineralisation is interpreted to occur as sub-vertical elongate shoots/lenses within zones of brecciation and hydrothermal alteration.

Mineralisation discovered by historic drilling (20 percussion drillholes and 22 diamond drillholes) comprises a near surface oxide gold zone, a possible supergene-enriched copper-gold-silver zone, and a primary zinc-lead-silver -rich massive sulphide zone starting at the base of oxidation (~120m below surface). In 2016, Peel acquired 100% of the Wagga Tank licences in a non-dilutive acquisition for \$40,000 and a 2% Net Smelter Royalty (“NSR”). No significant exploration including drilling had occurred since 1989 after the ground had been land banked by major companies. Post year end, the Company has agreed to purchase the NSR in accordance with its first right of refusal.

Wagga Tank - Southern Nights

The Company's focus during the year was at the Wagga Tank/Southern Nights prospect, following the success of an initial 18-hole maiden drilling program. The second phase of drilling commenced in late May 2017, which led to the discovery of significant zinc-lead-silver mineralisation at the "Southern Nights" prospect located almost 1km south of the main deposit. Better intercepts as part of Phase 2 drilling are listed below. The true widths of reported downhole intervals are approximately 30-50% for all west-oriented (270 degree collar azimuth) drillholes and 70-90% for east-oriented (085/090 degree collar azimuth) drillholes.

- 6m @ 8.52% Zn, 2.97% Pb and 12 g/t Ag from 282m in WTRCDD020
- 20m @ 2.40% Zn, 0.80% Pb, 44 g/t Ag from 390m in WTRCDD021
- 11m @ 7.15% Zn and 2.31% Pb, 58 g/t Ag from 396m in WTRCDD023
- 15m @ 1.02% Zn, 0.42% Pb, 28.8 g/t Ag from 112m, 6m @ 1.27% Zn, 0.58% Pb, 73.4 g/t Ag from 139m and 6m @ 1.99% Zn, 0.45% Pb, 27 g/t Ag from 179m to end-of-hole in WTRC031
- 142.1m @ 7.39% Zn, 3.76% Pb, 0.15% Cu, 101 g/t Ag, 0.54 g/t Au from 108m in WTRCDD033
- 21m @ 31.02% Zn, 12.05% Pb, 258 g/t Ag, 1.43 g/t Au from 194m in WTRC035
- 102m @ 4.3% Zn, 1.14% Pb, 0.41% Cu, 27g/t Ag, 0.44 g/t Au from 195m in WTRCDD043
- 19m @ 10.9% Zn, 3.6% Pb, 0.13% Cu, 0.99 g/t Ag, 0.46 g/t Au from 215m in WTRCDD062
- 18m @ 8.58% Zn, 3.02% Pb, 40 g/t Ag, 0.08 g/t Au from 180m in WTRC063

Phase 2 drilling also saw the completion of 84 RAB holes over the Wagga Tank/Southern Nights prospect areas to test for geochemical anomalism and locate the contact between the Wagga Tank and Vivigani stratigraphic units. The RAB drilling succeeded in extending the strike of lead-zinc anomalism, which remains open, to ~2.7km.

Drilling under Phase 3 at the Wagga Tank-Southern Nights prospect commenced in January 2018 with several aims: test the strike and down-dip potential of the local Southern Nights area; and test the mineralisation in the Wagga Tank-Southern Nights "corridor" zone. Better intercepts as part of Phase 3 drilling are listed below.

- 17m @ 2.8% Zn, 0.96% Pb, 0.21% Cu, 469 g/t Ag, 0.91 g/t Au from 181m in WTRCDD064
- 13.1m @ 5.49% Zn, 1.53% Pb, 0.39% Cu, 31 g/t Ag, 0.51 g/t Au from 259.8m in WTRCDD075
- 31m @ 3.7% Zn, 1.51% Pb, 0.25% Cu, 25 g/t Ag, 0.19 g/t Au from 274m including 7m @ 11.32% Zn, 4.92% Pb, 49 g/t Ag, 0.23 g/t Au from 277m in WTRCDD081
- 19m @ 3.52% Zn, 1.11% Pb, 18 g/t Ag, 0.1 g/t Au from 278m including 5m @ 8.18% Zn, 3.75% Pb, 46 g/t Ag, 0.12 g/t Au from 279m in WTRCDD084
- 9.3m @ 10.24% Zn, 0.44% Pb, 0.31% Cu, 23 g/t Ag, 0.32 g/t Au from 261.9m in WTRCDD105
- 46.4m @ 3.91% Zn, 1.51% Pb, 60 g/t Ag, 0.17 g/t Au from 227.6m including 18.9m @ 7.00% Zn, 2.74% Pb, 112 g/t Ag, 0.35 g/t Au from 227.6m in WTRCDD106
- 30m @ 1.59% Zn, 0.64% Pb, 16 g/t Ag from 258m including 3m @ 6.71% Zn, 3.07% Pb, 78 g/t Ag from 258m in WTRCDD107
- 11.9m @ 3.02% Zn, 1.39% Pb, 203 g/t Ag from 240m including 7.4m @ 4.88% Zn, 2.08% Pb, 311 g/t Ag from 241m in WTRCDD108

Of note is the strongly mineralised intercept returned from drillholes within the Wagga Tank-Southern Nights corridor which establishes a link between the two deposits:

- 5.5m @ 5.68% Zn, 3.07% Pb, 60 g/t Ag from 215.5m in WTRCDD101
- 14.45m @ 2.43% Cu, 2.67 g/t Au, 123 g/t Ag, 2.58% Zn, 0.87% Pb from 435.55m in WTRCDD123

An offhole conductor detected from DMEM of WTRCDD123 suggests likely extensions to mineralisation. The down-dip continuity of mineralisation was successfully tested with returned important mineralised intercepts at more than 350m below surface:

- 22.1m @ 6.62% Zn, 2.19% Pb, 0.87% Cu, 60 g/t Ag, 0.42 g/t Au from 459m in WTRCDD122

Post year end, the Company has started planning for the next phase of drilling at Southern-Nights/Wagga Tank with the goal of establishing a maiden resource at the prospect by mid-2019.

Fenceline/The Bird

The Fenceline prospect, also known as 'The Bird', is located approximately 4km east of the Wagga Tank-Southern Nights prospect area, and is defined by historic RC and/or diamond drillholes designed to test a coherent surface lead geochemical anomaly. Notable historic intercepts include:

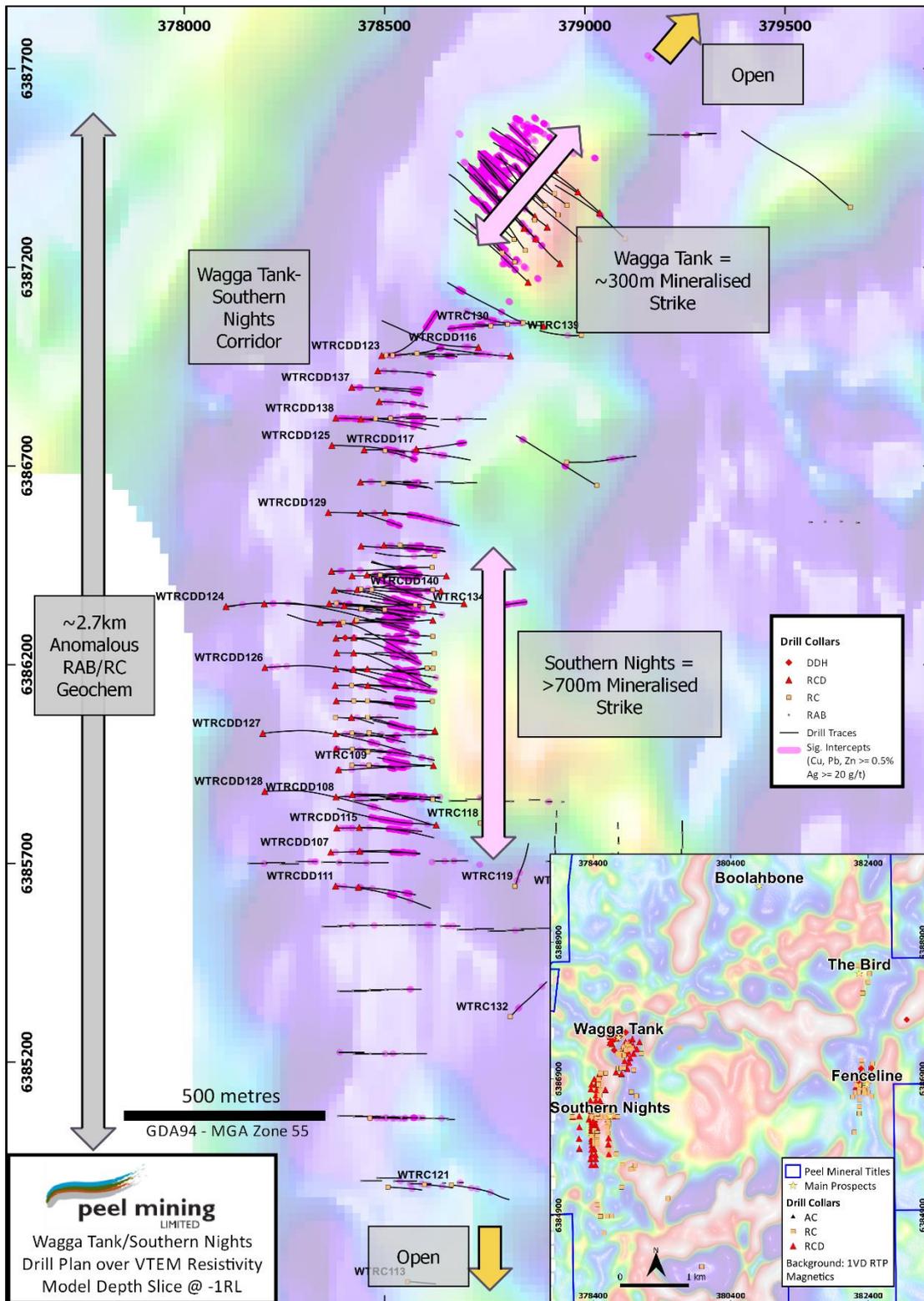
- 15m @ 2.02% Zn, 3.08% Pb, 18 g/t Ag, 1.03 g/t Au from 115m in diamond hole FLDH-1
- 7m @ 4.71% Zn, 3.49% Pb, 39 g/t Ag, 0.74 g/t Au from 84m in RC hole FLP-1
- 10m @ 2.34 g/t Au from 80m in RC hole FLP-2
- 4m @ 4.04% Zn, 1.57% Pb, 4.8 g/t Ag in RC hole FLP-3
- 18.9m @ 7.38% Pb, 0.28% Zn, 35.3 g/t Ag, 1.21 g/t Au from 115m (incl. 6m @ 16.3% Pb, 0.58% Zn, 77.3 g/t Ag, 2.53 g/t Au from 118.2m and 3.7m @ 10.3% Pb, 0.34% Zn, 51.4 g/t Ag, 1.46 g/t Au from 128.4m) in RC/diamond tail hole HFLD5

The maiden RC drilling program at Fenceline was completed this year, comprising a total of 12 holes (2,256m) to follow-up significant historic intercepts as well as test a strong >2.5km strike chargeability anomaly identified from an IP survey completed in Nov/Dec 2017. Multiple drillholes returned high-grade supergene Pb-Au-Ag mineralisation or primary sulphide mineralisation akin to that at Wagga Tank and Southern Nights. An additional 7 RC drillholes (1,398m) and 1 AC drillhole (125m) were subsequently completed with the aim of extending this new mineralisation along strike to the north and south. Best intercepts from the laboratory results are listed below:

- 27m @ 11.26% Pb, 61 g/t Ag, 2.22 g/t Au from 116m in TBRC001
- 8m @ 8.93% Pb, 29 g/t Ag, 1.07 g/t Au from 90m in TBRC002
- 2m @ 1.14% Zn, 0.98% Pb, 16 g/t Ag from 105m and 3m @ 2.13% Zn, 0.63% Pb from 162m in TBRC011
- 4m @ 1.52% Zn, 0.83% Pb, 22 g/t Ag from 129m and 2m @ 7.48% Zn, 4.49% Pb, 0.23% Cu, 36 g/t Ag, 0.21 g/t Au from 137m in TBRC012
- 8m @ 6.29% Pb, 33 g/t Ag, 0.94 g/t Au from 94m in TBRC029
- 6m @ 2.62% Pb, 18 g/t Ag, 1.76 g/t Au from 97m in TBRC030
- 3m @ 5.41% Zn, 2.78% Pb, 0.25% Cu, 43 g/t Ag, 0.15 g/t Au from 159m in TBRC033

A strong chargeable zone is coincident with anomalous surface geochemistry and historic workings located 1.5km north of Fenceline, at The Bird prospect. Future activity at Fenceline and The Bird prospects will involve diamond drilling to gain a better understanding of the structural setting.

REVIEW OF OPERATIONS



Wagga Tank-Southern Nights Drill Plan

Gilgunnia/Mallee Bull Project

The Gilgunnia/Mallee Bull project, located about 100km south of Cobar in western NSW, contains the Mallee Bull copper-polymetallic discovery, the May Day polymetallic deposit and the historic Gilgunnia and 4-Mile goldfields. Peel and CBH Resources Limited (a wholly owned subsidiary of the Japanese listed Toho Zinc Co. Ltd.) are in a 50:50 Joint Venture over the project tenements EL7461 and ML1361.

Mallee Bull is interpreted to be located in a favourable geological and structural position; it is situated in the high-stress environment of the "nose" of an anticline, and occurs in a geological sequence of turbidite and volcanoclastic sediments which are thought to be age equivalent to the Chesney and Great Cobar Slate Formations found in the immediate Cobar region. Mineralisation occurs either as massive sulphide or breccia/stringer styles within a package of brecciated volcanoclastic and turbidite sediments comprising siltstones and mudstone, and is interpreted to occur as a shoot/lens-like structure dipping moderately to the west. The deposit has been currently split into three lenses; Silver Ray, Union Lode and Mallee Bull Deeps.

Silver Ray Pre-feasibility Study

This financial year, Peel and JV partner CBH Resources Limited focused on the Silver Ray lens (formerly T1) pre-feasibility study. The pre-feasibility study aims to investigate the conceptual development of the Silver Ray lens as a "dig and truck" operation under which ore would be milled at CBH's Endeavor mine approximately 150km away, where surplus milling capacity exists.

Drilling at Mallee Bull this financial year commenced with a program focused on the Silver Ray high-grade near-surface zinc-lead-silver-gold lens (formerly known as 'T1'). The program aimed to: infill to a maximum of 20m by 20m drill spacing, define the limits of the Silver Ray mineralisation and provide material for ongoing metallurgical test work and geotechnical review. All pending laboratory assays of the previous financial year were returned, with the significant intercepts listed below:

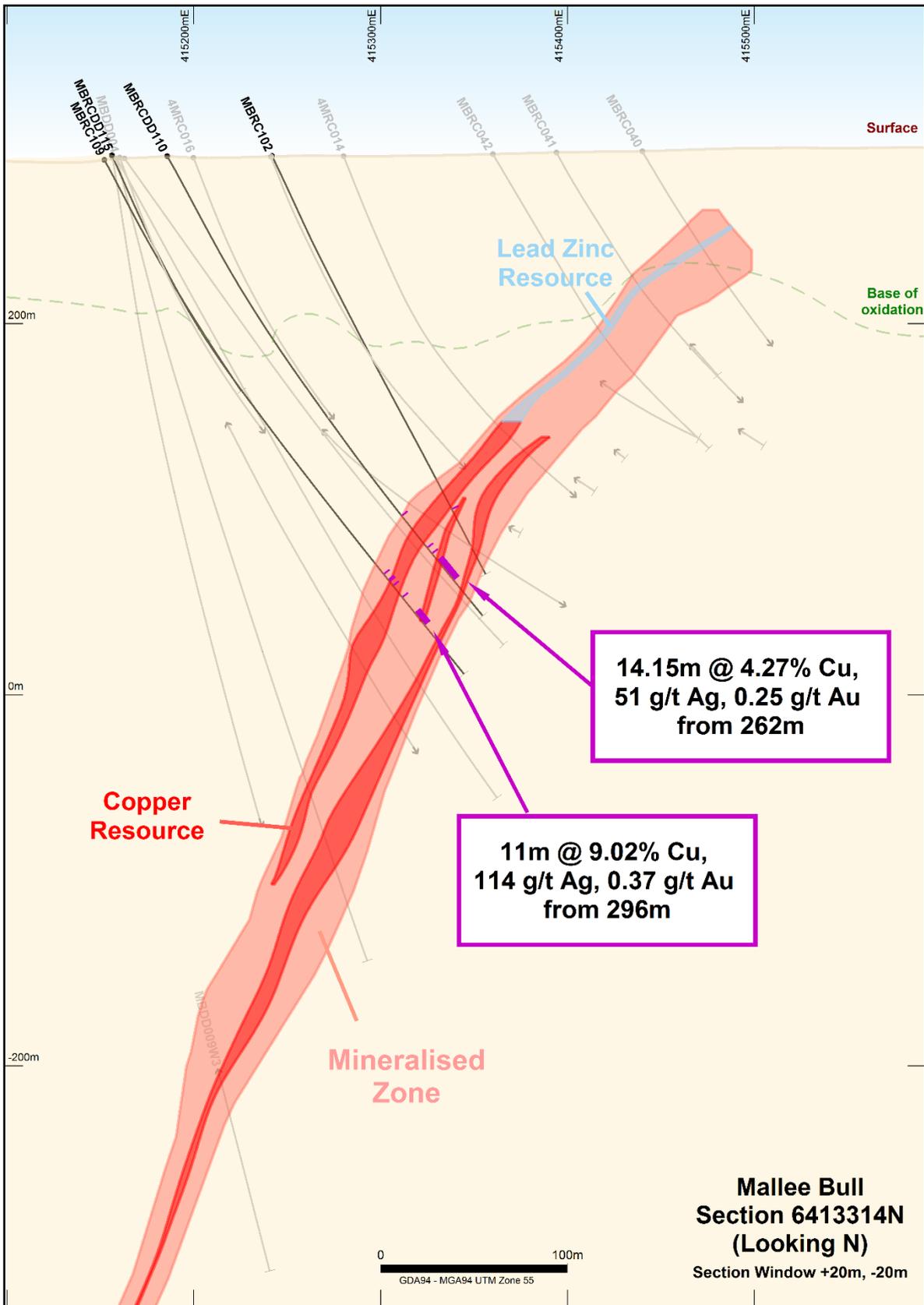
- 10m @ 7.10% Pb, 19 g/t Ag and 0.53 g/t Au from 46m in MBRC073
- 3m @ 5.98% Zn, 3.33% Pb, 54 g/t Ag from 77m in MBRC084
- 9m @ 20.82% Zn, 10.64% Pb, 338 g/t Ag and 1.91 g/t Au from 88m in MBRC085
- 3m @ 12.74% Zn, 6.93% Pb, 263 g/t Ag and 1.25 g/t Au from 119m in MBRC088
- 9m @ 10.80% Zn, 6.89% Pb, 337 g/t Ag and 0.45 g/t Au from 129m in MBRC089

Towards year end, the Joint Venture undertook a program which comprised of 16 RC/diamond drillholes, aimed to infill to a maximum of 30m spacing between drill intercepts into the Union Lode, located between ~180m and ~300m below surface. This would allow for an update to the Union Lode resource model to an indicated mineral resource estimate. Initial interpretation of drilling results indicates that the area of interest shows continuity of the Mallee Bull Deeps lode (stringer/breccia style) mineralisation.

Significantly, the high-grade intervals returned from drillholes MBRCDD110 - 14.15m @ 4.27% Cu, 51 g/t Ag, 0.25 g/t Au from 262m; and MBRCDD115 - 11m @ 9.02% Cu, 114 g/t Ag, 0.37 g/t Au from 296m rank as the best copper mineralised intercepts returned from the deposit. The true width on mineralised intercepts is estimated to be ~80% of the downhole width. Other significant assays include:

- 16m @ 2.19% Cu, 49 g/t Ag, 0.38 g/t Au from 237m including 9m @ 2.69% Cu, 67 g/t Ag, 0.43 g/t Au from 242m in MBRCDD104
- 18m @ 1.53% Cu, 24 g/t Ag, 0.38 g/t Au from 234m including 4.86m @ 3.53% Cu, 34 g/t Ag, 0.64 g/t Au from 234.86m in MBRCDD113
- 5m @ 11.09% Zn, 5.48% Pb, 32 g/t Ag, 0.14 g/t Au from 305m in MBRCDD106
- 13m @ 1.76% Cu, 9 g/t Ag, 0.05 g/t Au from 281m including 4m @ 2.90% Cu, 12 g/t Ag, 0.06 g/t Au from 288m in MBRCDD103

An indicated mineral resource estimate is expected to be completed towards the end of 2018.



Mallee Bull: Section view drilling Silver Ray/Union Lodes

Cobar Superbasin Project

Work on the Cobar Superbasin Project continued during the year with Japan Oil, Gas and Metals National Corporation (JOGMEC) completed their earn-in up give it the option to take up a 50% interest in the project by funding \$7 million of exploration expenditure. Work focused on the Wirlong prospect, located within EL8307, approximately 30km SW of Nymagee and 80km SSE of Cobar.

Peel was initially drawn to the area by the presence of historic copper workings, a topographic high, a multi-element surface geochemical anomaly and coincident or semi-coincident magnetic, radiometric, gravity, IP and electromagnetic anomalies. It has since proven to represent a very large hydrothermal system hosting significant copper mineralisation along more than 2.5km strike length and to depths of up to 950m.

Drilling completed in late July 2017, was highly successful in its aims to better define and extend the known mineralised system. Exceptional copper-silver drill intercepts returned such as:

- 27m @ 5.3% Cu, 23 g/t Ag from 286m from WLRC026
- 31m @ 3.19% Cu, 11 g/t Ag from 299m (including 10m @ 8.83% Cu, 28 g/t Ag from 299m) in WLRC052
- 24m @ 0.85% Cu, 8 g/t Ag from 179m in WLRC053

Additional drilling at Wirlong was completed in January 2018 and comprised 2 RC/diamond drillholes, WLRCD056 to test the southern extension of known mineralisation and WLRCD057 over the 'Dirty Deeds' gravity anomaly. Anomalous mineralisation was encountered in both drillholes, however not to economic grades. Following the completion of the final earn-in by JOGMEC, there has been a pause in activities. A pro rata funding period under the farm-in agreement is expected to commence later in 2018 with both parties funding 50% of exploration.

Corporate

In early September 2017, plans to vend Peel's Apollo Hill gold project to the newly established, 100%-owned subsidiary, Saturn Metals Limited (Saturn) were announced. An agreement was subsequently entered into by Peel's 100%-owned subsidiary Apollo Mining Pty Ltd (Apollo), which held the Apollo Hill assets, to sell its interest in the tenements and contractual rights and obligations to Saturn.

As consideration for the assets, Saturn issued 20,000,000 fully paid ordinary shares to Peel as Apollo's nominee. The company held a general meeting on the 10th October 2017 at which shareholder approval was obtained for the transaction. All tenements and applications were subsequently transferred to Saturn. Saturn opened its Initial Public Offering on the 10th January 2018 seeking to raise up to \$7,000,000 though the issue of up to 35,000,000 shares at \$0.20 per Share. The offer was announced and closed on the 20 February 2018 with the maximum amount of \$7,000,000 raised. The Company was admitted to the Official List of ASX Limited on Wednesday 7 March 2018. Official Quotation of the following securities commenced on Friday, 9 March 2018. Post float and at year end, Peel held a 35.71% stake in Saturn.

In November Peel completed a placement of 15,000,000 fully paid ordinary Peel shares at an issue price of \$0.40 each, raising \$6,000,000 before costs. The placement, which was priced at an 11.1% discount to Peel's last traded price of \$0.45 and a 5% discount to the Company's five-day volume weighted average price (VWAP), was significantly oversubscribed, reflecting excellent support from major shareholders and new sophisticated and institutional investors. The majority of these funds were used to progress the Company's Wagga Tank/Southern Nights project.

REVIEW OF OPERATIONS

Post year end the company announced that it had successfully completed an oversubscribed placement raising \$3.6 million, and in conjunction with a fully underwritten rights issue to raise a further \$8.7 million, will raise a total of \$12.3 million. The placement was strongly supported, with existing major shareholders, institutional, sophisticated and strategic investors participating.

The fully underwritten non-renounceable pro-rata rights issue offering eligible shareholders the opportunity to subscribe for one (1) new fully paid ordinary share (New Share) for every eight (8) fully paid ordinary shares (Shares) held at the record date at an issue price of \$0.36 per New Share (Rights Issue or Offer). Approximately 24.3 million New Shares were be offered to eligible shareholders under the Rights Issue to raise approximately \$8.7 million before costs.

At the time of this report the rights issue was still in process. Funds from the rights issue will predominantly be used to deliver a maiden JORC Resource at Wagga Tank/ Southern Nights. Funds from the placement component of the raising is to be used to fund the purchase of the 2% Net Smelter Royalty (NSR) over the Wagga Tank and Mt View tenements in Cobar NSW. MMG Limited (MMG), the holder of the royalty, notified Peel on 10 August 2018 that it had received an offer from a TSX-listed royalty streaming business to purchase the NSR.

Pursuant to Peel's first right of refusal under the Royalty Deeds, MMG offered to sell the 2% NSR to Peel for \$3.3 million (incl GST) in cash. In accordance with the terms of the relevant Royalty Deeds, Peel has elected to exercise its right to acquire the royalty interests. Following the acquisition Peel will have unencumbered 100% ownership of the tenements acquired from MMG. At the time of this report the transaction had yet to be completed.

Mineral Resource Estimation Governance Statement

The Mallee Bull Mineral Resource estimate was unchanged for the year, after being updated in 2016. The Attunga Mineral Resource estimates remained unchanged from the Resources estimate as at 30 June 2014.

Peel Mining Ltd has ensured that the Mineral Resource estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken a review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Peel Mining Ltd carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The Mineral Resources estimates for Mallee Bull and Apollo Hill were compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition, whilst the Attunga Resource Estimate was completed in accordance with the JORC Code 2004 Edition.

The tables below set out Mineral Resource estimates for 2018, which are unchanged from 2017.

Mallee Bull Mineral Resource estimate at 30 June 2018 based on 1% copper equivalent (CuEq) cut-off grade

Mineral Resource - as at 30 June 2018							
Category	Kt	CuEq %	Cu %	Ag g/t	Au g/t	Pb %	Zn %
Indicated	1,340	2.15	0.91	30	0.4	0.96	1.23
Inferred	5,420	2.7	2	31	0.4	0.5	0.4
Total	6,760	2.6	1.8	31	0.4	0.6	0.6

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

Attunga Tungsten Deposit Inferred Mineral Resource Estimate based on a 0.2% WO₃ equivalent cut-off

Mineral Resource - as at 30 June 2018				
WO₃equivalent cut-off	Mt	WO₃Eq %	WO₃ %	Mo %
0.2	1.29	0.73	0.61	0.05

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

Competent Persons Statements

Mallee Bull

The information referred to in this announcement in relation to the Mallee Bull Resource Estimate is based on information compiled by Jonathon Abbott, a Competent Person who is a Member of the Australian Institute of Geoscientists. At the time of calculating the Resource Estimate Mr Abbott was a full time employee of MPR Geological Consultants Pty Ltd and is an independent consultant to Peel Mining Ltd.

Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Mineral Resources and Ore Reserves'. Mr Abbott consented to the release of the matters based on his information in the form and context in which it appears.

Attunga Tungsten Deposit

The information referred to in this announcement in relation to the Attunga Resource Estimate is based on information compiled by Mr Murray Hutton, a Competent Person who is a Member of the Australian Institute of Geoscientists. At the time of calculating the Resource Estimate Mr Hutton was a full time employee of Geos Mining and was an independent consultant to Peel Mining Ltd.

Mr Hutton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Mr Hutton consented to the inclusion of the matters based on his information in the form and context in which it appears.

Peel Mining Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Rob Tyson who is a fulltime employee of the company. Mr Tyson is a member of the Australasian Institute of Mining and Metallurgy.

Mr Tyson has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Tyson consents to the inclusion in this report of the matters based on information in the form and context in which it appears. Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures.

SCHEDULE OF TENEMENTS AS AT 30 JUNE 2018

Project	Number	Holder	Peel Interest
Burthong	EL8534	Peel (CSP) Pty Ltd	50%
Gilgunnia South	EL7519	Peel (CSP) Pty Ltd	50%
Glenwood	EL8314	Peel (CSP) Pty Ltd	50%
Hillview	EL8125	Peel (CSP) Pty Ltd	50%
Illewong	EL8117	Peel (CSP) Pty Ltd	50%
Iris Vale	EL8113	Peel (CSP) Pty Ltd	50%
Manuka	EL8071	Peel (CSP) Pty Ltd	50%
Mirrabooka	EL8105	Peel (CSP) Pty Ltd	50%
Mundoe	EL7976	Peel (CSP) Pty Ltd	50%
Mundoe North	EL8201	Peel (CSP) Pty Ltd	50%
Norma Vale	EL8126	Peel (CSP) Pty Ltd	50%
Pine Ridge	EL8345	Peel (CSP) Pty Ltd	50%
Sandy Creek	EL8307	Peel (CSP) Pty Ltd	50%
Tara	EL8070	Peel (CSP) Pty Ltd	50%
Yackerboon	EL8112	Peel (CSP) Pty Ltd	50%
Yara	EL8114	Peel (CSP) Pty Ltd	50%
Attunga	EL8326	Peel Mining Ltd	100%
Ruby Silver	EL7711	Peel Mining Ltd	100%
Gilgunnia	EL7461	Peel Mining Ltd	50%
May Day	ML1361	Peel Mining Ltd	50%
Beanbah	EL8450	Peel Mining Ltd	100%
Brambah	EL8655	Peel Mining Ltd	100%
Linera	EL8447	Peel Mining Ltd	100%
Marigold	EL8656	Peel Mining Ltd	100%
Michelago	EL8451	Peel Mining Ltd	100%
Mt View	EL7484	Peel Mining Ltd	100%
Mt Walton	EL8414	Peel Mining Ltd	100%
Nombinnie	EL8751	Peel Mining Ltd	100%
Wagga Tank	EL6695	Peel Mining Ltd	100%
Wongawood	EL7226	Peel Mining Ltd	100%
Bilpa	EL8721	Peel Far West Pty Ltd	100%
Cymbric Vale	EL8722	Peel Far West Pty Ltd	100%
Comarto	EL8790	Peel Far West Pty Ltd	100%
Devon	EL8791	Peel Far West Pty Ltd	100%

DIRECTORS' REPORT

Your directors present their report on the consolidated entity ("**Group**") comprising Peel Mining Limited ("**Company**") and the entities it controlled at the end of, or during the financial year ended 30 June 2018 and the comparative period.

Directors

The following persons were directors of Peel Mining Limited during the financial year and up to the date of this report.

Simon Hadfield

Graham Hardie

Robert Tyson

Directors' interests in shares and options

Directors' interests in shares and options as at the date of this report are set out in the table below.

<i>Director</i>	<i>Shares Directly and Indirectly Held</i>	<i>Options</i>
Simon Hadfield	3,812,564	1,500,000
Graham Hardie	15,422,890	1,500,000
Robert Tyson	7,080,000	3,000,000

Principal activities

The principal activity of the Group is the exploration for economic deposits of minerals. For the period of this report, the emphasis has been on base and precious metals.

Results

The loss for the Group for the financial year after providing for income tax amounted to \$1,672,686 (2017: \$1,140,539).

Dividends

No dividends were paid or proposed during the year.

Review of operations

A review of the operations of the Group during the financial year and the results of those operations are contained in pages 4 to 13 in this report.

Significant changes in the state of affairs

Contributed equity increased during the financial year by \$6,218,600 through the issue of:

- (i) 15,000,000 new ordinary shares at \$0.40 each as part of a placement to new and existing shareholders.
- (ii) 1,000,000 new ordinary shares issued at \$0.07 cents on the exercise of R Tyson's options as outlined below.
- (iii) 750,000 new ordinary shares issued on the exercise of employee share options raising \$148,000.

Details of the changes in contributed equity are disclosed in note 11 to the financial statements.

Peel Mining Limited successfully vested the Apollo Hill project in a newly formed 100% owned subsidiary, Saturn Metals Limited (Saturn). The purpose of this was to list the new entity on the Australian Stock Exchange (ASX). After a successful Initial Public Offering which raised \$7,000,000 through the issue of 35,000,000 shares at \$0.20 per Share, the new entity was admitted to the Official List of ASX Limited on Wednesday 7 March 2018. Official Quotation of the securities commenced on Friday, 9 March 2018. Post float and at year end, Peel held a 35.71% stake in Saturn.

The directors are not aware of any other significant changes in the state of affairs of the Group occurring during the financial year, other than as disclosed in this report.

Events occurring after balance date

On the 7th September 2018, Peel Mining Limited announced that it had successfully completed an oversubscribed placement raising \$3.6 million. At the same time, it announced plans to undertake a fully underwritten rights issue to raise a further \$8.7 million. The placement was strongly supported, with major existing shareholders, institutional, sophisticated and strategic investors all taking part.

Capital raised would be used to deliver a maiden JORC Resource at Wagga Tank, advance Mallee Bull towards production, and complete the acquisition of the 2% NSR royalty over Wagga Tank. The company is exercising its pre-emptive right to purchase 2% NSR royalty from MMG for \$3,300,000 (incl GST).

The company lodged its prospectus for the fully underwritten rights issue with ASIC and the ASX on 10 September 2018. The offer is set to close on 3 October 2018 and the issue date of shareholder securities would be 9 October 2018 (per the announcement made to the ASX on 25 September 2018).

Other than the above, there were no events occurring after balance date requiring separate disclosure.

Likely developments and expected results

It is the Board's current intention that the Group will seek to progress exploration on current projects. These activities are inherently risky and there are no certainties that the group will successfully achieve its objectives.

Information on directors

Simon Hadfield – Non-Executive Chairman

Mr Hadfield has more than 30 years company management experience and has held directorships in publicly-listed industrial and resource companies. Mr Hadfield is a director of RIU Conferences Pty Ltd, Resource Information Unit, and of Sensorum Pty Ltd. No other directorships were held in the past 3 years.

Mr Hadfield holds 3,812,564 shares in Peel Mining Limited and 1,500,000 share options.

Robert Maclaine Tyson B.App Sc(Geol).GradDip Applied Finance(SIA) – Managing Director

Mr Tyson is a geologist with more than 20 years resources industry experience having worked in exploration and mining-related roles for companies including Cyprus Exploration Pty Ltd, Queensland Metals Corporation NL, Murchison Zinc Pty Ltd, Normandy Mining Ltd and Equigold NL. Mr Tyson currently also holds the role of Executive Chairman of Saturn Metals Limited. Mr Tyson has more than 10 years of senior management experience. No other directorships were held in the past 3 years.

Mr Tyson holds 7,080,000 shares in Peel Mining Limited and 3,000,000 share options.

Graham Hardie FCA- Non-Executive Director

Mr Hardie is the principal of Hardie Finance Corporation, a private Perth-based property development company, and is also the principal of Entertainment Enterprises, a private Perth-based hospitality company. He is a Fellow of the Institute of Chartered Accountants and a former partner in a leading Chartered Accounting firm. Mr Hardie has extensive commercial and financial experience and has held board positions on a number of public companies in the mining, media, transport and retail industries. No other directorships were held in the past 3 years.

Mr Hardie holds 15,422,890 shares in Peel Mining Limited and 1,500,000 share options.

Ryan Woodhouse - Company Secretary

Mr Woodhouse has 11 years of experience in the mining and energy industries in the area of accounting and governance. He holds a Bachelor of Commerce from Curtin University and is a member of the Institute of Chartered Accountants. Mr Woodhouse currently holds the position of Company Secretary with both Peel Mining Limited and Saturn Metals Limited.

Mr Woodhouse was appointed Company Secretary on 7 January 2015.

Meetings of directors

Director's attendance at directors meetings are shown in the following table:

Director	Number held whilst in office	Number attended
S Hadfield	8	8
G Hardie	8	8
R Tyson	8	8

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following headings:

- a) Principles used to determine the nature and amount of remuneration
- b) Details of remuneration
- c) Service agreements
- d) Share-based compensation
- e) Option holdings of key management personnel
- f) Share holdings of directors
- g) Other transactions with directors and key management personnel
- h) Additional information

a) Principles used to determine the nature and amount of remuneration

The objective of the remuneration framework of Peel Mining Limited is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's remuneration policy.

Board and senior management

Fees and payments to the directors and other key management personnel reflect the demands which are made on, and the responsibilities of, the directors and the senior management. Such fees and payments are determined by the board and reviewed annually.

Company policy in relation to remunerating executives is that directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose.

The aggregate of fees of the non-executive directors has been fixed at a maximum of \$250,000 per annum to be apportioned among the non-executive directors in such a manner as they determine (refer below). Directors are also entitled to be paid reasonable travel, accommodation and other expenses incurred in consequence of their attendance at board meetings and otherwise in the execution of their duties as directors. Senior management are paid based on applicable market rates.

Remuneration is not linked to past Group performance but rather towards generating future shareholder wealth through share price performance. The board and management are issued share options in the company on a periodic basis as a means to link executive rewards to shareholder value. Peel Mining Limited listed on 11 May 2007 at 20c per share and the share price at 30 June 2018 was 47c (2017: 19c). The Company has recorded a loss each financial year to date, except for 2014 during which it recorded a gain on the partial disposal of the Mallee Bull Project. No dividends have been declared or paid during the reporting period.

REMUNERATION REPORT (AUDITED)

b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each of the directors of Peel Mining Limited and other key management personnel of the Group during the year ended 30 June 2018 are set out in the following table:

Table 1: Director and Key Management Personnel remuneration

	<i>Short-Term Employment Benefits</i>	<i>Post- Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment</i>		
	<i>Cash salary and fees</i>	<i>Superannuation</i>	<i>Long-service leave</i>	<i>Options</i>	<i>Total</i>	<i>Performance Related</i>
2018	\$	\$	\$	\$	\$	%
Directors						
R Tyson	230,000	23,006	3,830	300,911	557,747	0%
S Hadfield	50,000	4,750	-	164,087	218,837	0%
G Hardie	50,000	4,750	-	164,087	218,837	0%
Total	330,000	32,506	3,830	629,085	995,421	0%

	<i>Short-Term Employment Benefits</i>	<i>Post- Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment</i>		
	<i>Cash salary and fees</i>	<i>Superannuation</i>	<i>Long-service leave</i>	<i>Options</i>	<i>Total</i>	<i>Performance Related</i>
2017	\$	\$	\$	\$	\$	%
Directors						
R Tyson	230,000	23,531	3,830	160,270	417,631	0%
S Hadfield	50,000	4,750	-	50,515	105,265	0%
G Hardie	50,000	4,750	-	50,515	105,265	0%
Other Key Management Personnel						
Ryan						
Woodhouse*	129,462	12,299	-	12,768	154,529	0%
Total	459,462	45,330	3,830	274,068	782,690	0%

*From 1 July 2017 Mr R Woodhouse was not considered Key Management Personnel.

c) Service agreements

Remuneration and other terms of employment for the directors and key management personnel, except those of non-executive directors are formalised in Employment Agreements or Letters of Offer. Details of the employment conditions for directors and key management personnel are set out below:

S Hadfield (non-executive chairman)

Mr Hadfield was appointed a director of the Company on 20 April 2006. Mr Hadfield has not entered into a formal contract with the Company in respect to his appointment as a non-executive director. Mr Hadfield received cash payments and share options totalling \$218,837 (2017: \$105,265) in his role as a non-executive director of the Company.

REMUNERATION REPORT (AUDITED)

G Hardie (non-executive director)

Mr Hardie was appointed a director of the Company on 24 February 2010. Mr Hardie has not entered into a formal contract with the Company in respect to his appointment as a non-executive director. Mr Hardie received cash payments and share options totalling \$218,837 (2017: \$105,265) in his role as a non-executive director of the Company.

R Tyson (managing director)

Mr Tyson was appointed a director of the Company on 20 April 2006. Mr Tyson is employed as the Managing Director of the Company under an ongoing contract. The terms of his contract state:

- The managing director receives fixed remuneration of \$230,000 per annum gross, plus statutory superannuation guarantee.
- Either the managing director or the Company may terminate the employment at any time by giving one month written notice.
- If the Company terminates the employment the managing director will receive payment of five weeks' pay.
- The managing director may be invited to participate in the Company's Employee Share Option Plan.
- If the Company terminates the employment of the managing director any active share options issued will be cancelled.

Mr Tyson received cash payments, leave entitlements and share options totalling \$557,747 (2017: \$417,631) in his role as a Managing Director of the Company.

d) Share-based compensation

Details of options over ordinary shares in the Company provided as remuneration to each director and key management personnel of Peel Mining Limited are set out below. When exercisable, each option is convertible into one ordinary share of Peel Mining Limited. Further information on the options is set out in note 21 to the financial statements.

Name	Fair Value at Grant Date		Number of options granted during year		Number of options vested during year	
	2018	2017	2018	2017	2018	2017
Directors	\$	\$	\$	\$	\$	\$
Simon Hadfield	164,087	50,515	500,000	500,000	500,000	500,000
Graham Hardie	164,087	50,515	500,000	500,000	500,000	500,000
Rob Tyson	328,174	160,270	1,000,000	2,000,000	500,000	1,000,000

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date have been determined using a Black-Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, share price at grant date, price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

Options over shares in Peel Mining Limited may be granted to Employees under the Company's Employee Share Option Plan, which was initially created in June 2008, and recently re-approved by shareholders at the annual general meeting held on 22 November 2016. The Employee Share Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options 50% of which vest immediately and the remainder vest after twelve months provided the employee is still employed by the Company at the end of the vesting period. Participation in the plan is at the board's discretion.

REMUNERATION REPORT (AUDITED)

The terms and conditions of each grant of options existing for both directors and employees at reporting date is as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
7 December 2015	7 December 2015 (100%)	7 December 2018	21.6 Cents	9 cents
19 October 2015	19 October 2015 (50%) 19 October 2016 (50%)	19 October 2018	19 cents	8 cents
10 October 2016	10 October 2016 (50%) 10 October 2017 (50%)	10 October 2019	20.3 cents	8 cents
28 November 2016	28 November 2016 (67%) 28 November 2017 (33%)	28 November 2019	22.3 cents	10 cents
15 August 2017	15 August 2017 (50%) 15 August 2018 (50%)	15 August 2018	26 cents	11 cents
30 November 2017	30 November 2017 (67%) 30 November 2018 (33%)	30 November 2020	78.3 cents	33 cents

REMUNERATION REPORT (AUDITED)

(e) Option holdings of key management personnel (KMP)

30 June 2018	Balance at the start of the year	Granted as compensation	Expired during year	Exercised	Other Change	Balance at end of the year	Vested and exercisable	Unvested
Directors								
R Tyson	3,000,000	1,000,000	-	(1,000,000)	-	3,000,000	2,500,000	500,000
S Hadfield	1,000,000	500,000	-	-	-	1,500,000	1,500,000	-
G Hardie	1,000,000	500,000	-	-	-	1,500,000	1,500,000	-

(f) Share holdings of directors– Shares in Peel Mining Limited (number)

30 June 2018	Balance at 1 July 2017	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2018
Directors				
G Hardie	15,422,890	-	-	15,422,890
R Tyson	7,080,000	1,000,000	(1,000,000)	7,080,000
S Hadfield	3,812,564	-	-	3,812,564

30 June 2017	Balance at 1 July 2016	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2017
Directors				
G Hardie	15,422,890	-	-	15,422,890
R Tyson	7,080,000	-	-	7,080,000
S Hadfield	3,812,564	-	-	3,812,564
Other Key Management Personnel				
R Woodhouse*	200,000	-	-	200,000

*From 1 July 2017 Mr R Woodhouse was not considered Key Management Personnel.

(g) Other transactions with directors and key management personnel

Simon Hadfield, is a director of Resource Information Unit Pty Ltd (RIU). RIU leases the Company office space and charges the Company lease fees on arm's length commercial terms on a monthly basis. Total fees charged to the Company by RIU for the year ended 30 June 2018 were \$58,055 (2017: \$59,981).

During the year the Company participated in conferences organised by RIU Conferences Pty Ltd, to the value of \$15,840 (2017: \$14,630), a company of which Mr Hadfield is a director. These amounts are included in loss for the year within administration expenses and on the statement of financial position within trade and other payables at year end in relation to any unpaid amounts.

REMUNERATION REPORT (AUDITED)

Aggregate amounts of each of the above types of “other transactions” with key management personnel of Peel Mining Limited:

Amounts recognised as expense	Consolidated	Consolidated
	2018	2017
	\$	\$
Rent and office management fees	58,055	59,981
Conferences	15,840	14,630
	73,895	74,611

h) Additional information

Cash bonuses

No cash bonuses have been paid by the Company during the reporting period.

Share-based compensation: options

Other than options granted and exercised under the Employee Option Share Plan, as described in (d) above, there were no options issued to or exercised by directors of Peel Mining Limited or other key management personnel during the year.

Use of remuneration consultants

During the year ended 30 June 2018, the Group did not employ the services of a remuneration consultant to review its existing remuneration policies and to provide recommendations in respect of both executive short-term and long-term incentive plan design.

Voting and comments made at the Company's 2017 Annual General Meeting

Peel Mining Limited received more than 99% of “yes” votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Audited Remuneration Report

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
19 October 2015	19 October 2018	19 cents	1,100,000
7 December 2015 (non-executive directors)	7 December 2018	21.6 cents	1,000,000
10 October 2016	10 October 2019	20.3 cents	1,000,000
28 November 2016	28 November 2019	22.3 cents	3,000,000
5 August 2017	5 August 2020	26 cents	1,050,000
30 November 2017	30 November 2020	78.3 cents	2,000,000

No option holder has any right under the options to participate in any other share issue of the Company.

Shares issued on the exercise of options

Date of Exercise	Issue price of shares		Number of shares issued	
	2018	2017	2018	2017
	\$	\$	Number	Number
17 November 2017	0.19	-	400,000	-
28 November 2017	0.203	-	100,000	-
28 November 2017	0.26	-	50,000	-
1 December 2017	0.07	-	1,000,000	-
25 January 2018	0.19	-	100,000	-
28 March 2018	0.19	-	100,000	-
			1,750,000	-

Indemnification and Insurance of Directors and Officers

During the financial year the Company paid a premium of \$28,650 (2017: \$10,266) to insure the directors and officers of the Group. The policy indemnifies each director and officer of the Group against certain liabilities arising in the course of their duties.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Environmental Regulation

The Group holds exploration licences and mining leases in Australia. These licences specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the respective jurisdiction's guidelines and standards. The Company is not aware of any significant breaches of the licence condition.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included at the end of this financial report.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in *APEX 110 Code of Ethics for Professional Accountants*.

Details of the fees paid to the auditor during the year can be found at note 22 of the notes to the consolidated financial statements.

This report is made in accordance with a resolution of the board of directors and signed for on behalf



Robert Tyson
Managing Director
Perth, Western Australia
27th September 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the year ended 30 June 2018

	Note	Consolidated	
		2018 \$	2017 \$
Operator management fee income		110,716	162,011
Interest revenue		128,158	60,772
Other income		29,156	157,184
Gain on disposal of asset	13	333,706	-
Revenue and other income		601,736	379,967
Share-based remuneration to directors & employees	21	(753,776)	(348,527)
Depreciation expense	7	(64,878)	(54,646)
Employee and directors' benefit expenses	14	(461,613)	(427,987)
Exploration expenditure written off	5	(673)	(144,737)
Administration expenses	14	(687,333)	(544,609)
Loss attributable to associate	26	(306,149)	-
Loss before income tax		(1,672,686)	(1,140,539)
Income tax benefit (expense)	15	-	-
Loss from continuing operations after income tax		(1,672,686)	(1,140,539)
Other comprehensive income		-	-
Total Loss and comprehensive income for the year attributable to the members of Peel Mining Limited		(1,672,686)	(1,140,539)
Basic Loss per share for the year attributable to the members of Peel Mining Ltd	23	(0.009)	(0.008)
Diluted Loss per share for the year attributable to the members of Peel Mining Ltd	23	(0.009)	(0.008)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		Consolidated	
	Note	2018	2017
		\$	\$
Current Assets			
Cash and cash equivalents	4	2,291,570	5,906,983
Trade and other receivables	6	341,941	438,144
Assets held for sale	10	-	3,351,969
Total Current Assets		2,633,511	9,697,096
Non-Current Assets			
Security deposits	6	485,866	415,866
Property	7	840,487	840,487
Plant & equipment	7	376,975	184,405
Investment in Saturn Metals Limited	26	3,693,852	-
Exploration assets	5	24,585,053	15,389,576
Total Non-Current Assets		29,982,233	16,830,334
Total Assets		32,615,744	26,527,430
Current Liabilities			
Trade and other payables	8	1,110,533	1,066,333
Total Current Liabilities		1,110,533	1,066,333
Non-Current Liabilities			
Deferred Income	9	6,363,688	5,418,541
Total Non-Current Liabilities		6,363,688	5,418,541
Total Liabilities		7,474,221	6,484,874
Net Assets		25,141,523	20,042,556
Equity			
Contributed equity	11	30,266,457	24,248,580
Accumulated losses	12	(7,597,706)	(5,925,020)
Option reserve	12	2,472,772	1,718,996
Total Equity		25,141,523	20,042,556

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

Consolidated		Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2016	Note	18,002,700	(4,784,480)	1,370,469	14,588,689
<i>Loss for the year</i>					
Total comprehensive loss for the year	12	-	(1,140,539)	-	(1,140,539)
<i>Transactions with equity holders in their capacity as equity holders:</i>					
Issue of share capital	11	6,268,000	-	-	6,268,000
Share issue expenses	11	(22,120)	-	-	(22,120)
Share based payments	21	-	-	348,527	348,527
Balance at 30 June 2017		24,248,580	(5,925,020)	1,718,996	20,042,556
<i>Loss for the year</i>					
Total comprehensive loss for the year	12	-	(1,672,686)	-	(1,672,686)
Issue of share capital	11	6,218,600	-	-	6,218,600
Share issue expenses	11	(200,723)	-	-	(200,723)
Share based payments	21	-	-	753,776	753,776
Balance at 30 June 2018		30,266,457	(7,597,706)	2,472,772	25,141,523

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

		Consolidated	
	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,386,797)	(1,003,411)
Research and Development Tax Incentive - Corporate		29,156	140,350
Management fee income		272,727	90,038
Interest received		138,879	48,469
Net cash outflow from operating activities	16	(946,035)	(724,554)
Cash flows from investing activities			
Payments for exploration expenditure		(10,063,336)	(4,178,943)
Transfer to security deposits		(110,000)	(50,000)
Transfer from security deposits		40,000	-
Payments for purchase of plant and equipment		(296,500)	(59,910)
Proceeds from sale of plant and equipment		20,000	29,500
Research and Development Tax Incentive - E&E Asset		777,436	1,003,856
Proceeds as part of E&E asset farm-out		945,147	1,782,126
Net cash outflow from investing activities		(8,687,253)	(1,473,371)
Cash flows from financing activities			
Proceeds from issue of shares		6,218,600	6,268,000
Transaction costs of issue of shares		(200,724)	(22,120)
Investment in share capital		(1)	-
Net cash inflow from financing activities		6,017,875	6,245,880
Net increase/(decrease) in cash and cash equivalents			
		(3,615,413)	4,047,955
Cash and cash equivalents at the start of year		5,906,983	1,859,028
Cash and cash equivalents at the end of year	4	2,291,570	5,906,983

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiary companies

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 27(b):

Name	Country of Incorporation	Class of Shares	Equity holding 2018 %	Equity holding 2017 %
Peel Environmental Services Limited	Australia	Ordinary	100.00	100.00
Apollo Mining Pty Ltd	Australia	Ordinary	100.00	100.00
Peel (CSP) Pty Ltd	Australia	Ordinary	100.00	100.00
Peel Far West Pty Ltd	Australia	Ordinary	100.00	0.00
Saturn Metals Limited *	Australia	Ordinary	35.71	100.00

*During the year, Saturn Metals Limited ceased to be a subsidiary of Peel Mining Limited (See note 26).

2. Interests in other entities

Peel Mining Limited has a 50% interest in a joint arrangement called the Mallee Bull Joint Venture which was formed after CBH Resources Limited completed its 50% earn-in to the Mallee Bull Project on 27th March 2015. The joint venture agreement in relation to the Mallee Bull Joint Venture requires unanimous consent from all parties for all relevant activities. The two joint venture parties own the assets of the joint venture as tenants in common and their interest in assets and liabilities are several, separate and distinct.

This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Peel Mining Limited is currently in a farm-in arrangement, through its wholly owned subsidiary Peel (CSP) Pty Ltd, with JOGMEC. JOGMEC is earning the right to a 50% interest in the tenements held by Peel (CSP) Pty Ltd through funding exploration expenditure. If JOGMEC decided to take up their interest at this point a joint arrangement is formed between the parties, in relation to the Cobar Superbasin Project, which requires unanimous consent from all parties for all relevant activities.

The parties to the joint arrangement will own the assets of the joint arrangement as tenants in common and their interest in assets and liabilities are several, separate and distinct. If this is to occur the entity is would be classified as a joint operation and the Group would recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

During the year, JOGMEC paid the Group \$945,147 (2017: \$1,782,126) for exploration on the project and management fees as part of the completion of their Stage 2, \$3,000,000 earn-in over three (3) years to acquire an additional 10% of the project (currently earned the right to acquire 40% as part of completion of Stage 1 expenditure).

These amounts have been included in the Group's Consolidated Statement of Cash Flows and Consolidated Statement of Financial Position, however per the Group's accounting policy (see note 27), the contributions are recorded as deferred income, which will offset the capitalised expenditure incurred resulting in no gain or loss recognised (net effect) until the point in which the interest is taken up. Currently no cash held by Peel Mining Limited is restricted to be used on the Cobar Superbasin Project under JOGMEC's farm-in arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 8 September 2017, the Board of Peel Mining Limited announced plans to vend its Apollo Hill Gold project into Saturn Metals Limited with the intention to list the Saturn Metals Limited on the ASX, via an Initial Public Offering ("IPO"). The Peel Mining Limited held a general meeting on 10 October 2017 at which they obtained shareholder approval for the transaction. Post successful IPO/Listing of Saturn Metals Limited, Peel would hold a significant interest in Saturn Metals Limited.

On the 11th October 2017 the Saturn Metals Limited issued 20,000,000 shares to Apollo Mining Pty Ltd's nominee for the purchase of the Apollo Hill Gold project. The nominee company was Peel Mining Limited, the parent company of both entities.

Saturn Metals Limited opened its Initial Public Offering on the 10th January 2018 seeking to raise up to \$7,000,000 through the issue of up to 35,000,000 shares at \$0.20 per Share. The offer was announced and closed on the 20 February 2018 with the maximum amount of \$7,000,000 raised. Saturn Metals Limited was admitted to the Official List of ASX Limited on Wednesday 7 March 2018. Official Quotation of the following securities commenced on Friday, 9 March 2018. As at year end, Peel Mining Limited holds 35.71% of the shares in Saturn Metals Limited.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief decision maker has been identified as the board of directors.

Management has determined that the Group has three reportable segments, being mineral exploration under its joint venture with CBH Resources Limited at its Mallee Bull prospect, mineral exploration under its farm-in agreement with JOGMEC and the other being all other mineral exploration within Australia. The Group is focused only on mineral exploration and the Board monitors the Group based on actual versus budgeted exploration expenditure incurred for these three areas. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. Decisions regarding the Mallee Bull joint venture is also taken into account by the board, however exploration decisions are made by the Joint Venture committee, which is made up of members from both Peel Mining Limited and CBH Resources Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$ Peel	2018 \$ CSP	2018 \$ Mallee Bull	2018 Total
Revenue from external sources	110,716	-	-	110,716
Reportable segment profit/(loss)	110,043	-	-	110,043
Segment assets	13,442,571	6,990,180	5,369,765	25,802,516
Segment liabilities	-	(6,363,688)	-	(6,363,688)

	2017 \$ Peel	2017 \$ CSP	2017 \$ Mallee Bull	2017 Total
Revenue from external sources	-	-	-	-
Reportable segment profit/(loss)	17,274	-	-	17,274
Segment assets	8,996,479	5,989,388	4,780,570	19,766,437
Segment liabilities	-	(5,418,541)	-	(5,418,541)

Reconciliation of reportable segment (loss)	Consolidated 2018 \$	Consolidated 2017 \$
Reportable segment profit/ (loss)	110,043	17,274
Interest & Other income	491,020	217,956
Unallocated expenses	(2,273,749)	(1,375,769)
Profit/(loss) before tax	(1,672,686)	(1,140,539)

Reconciliation of reportable net assets	Consolidated 2018 \$	Consolidated 2017 \$
Reportable segment assets	25,802,516	19,766,437
Reportable segment liabilities	(6,363,688)	(5,418,541)
Cash	2,291,570	5,906,983
Unallocated Assets	4,521,659	854,010
Unallocated liabilities	(1,110,533)	(1,066,333)
Total Net Assets	25,141,523	20,042,556

4. Cash & cash equivalents

	Consolidated 2018 \$	Consolidated 2017 \$
Cash at bank and in hand	1,291,570	406,983
Term deposits with financial institutions	1,000,000	5,500,000
	2,291,570	5,906,983

Refer to Note 17 for the policy on financial risk management

5. Exploration and evaluation assets

All exploration and evaluation expenditure is capitalised under AASB 6 Exploration for and Evaluation of Mineral Resources. Mineral interest acquisition costs and exploration and evaluation expenditure incurred is accumulated and capitalised in relation to each identifiable area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These costs are only carried forward to the extent that the Group's right to tenure to that area of interest are current and either the costs are expected to be recouped through successful development and exploitation of the area of interest (alternatively by sale) or where areas of interest have not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active, and significant operations are undertaken in relation to the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the exploration and evaluation phase or development phase until production commences. This policy has resulted in exploration expenditure of \$673 (2017: \$144,737) being written off during the year.

Peel accounts for funds received from the ATO under the Research and Development (R&D) Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised. A portion of the R&D Tax Incentive Grant relates corporate overheads, this portion has been recognised as other income.

	Consolidated 2018	Consolidated 2017
	\$	\$
At cost	24,585,053	15,389,576
Reconciliation		
Opening balance	15,389,576	15,100,555
Exploration expenditure	9,973,586	4,789,582
Assets re-classified as held for sale (see note 10)	-	(3,351,969)
Impairment Expense	(673)	(144,737)
Research and development tax incentive grant	(777,436)	(1,003,855)
Closing balance	24,585,053	15,389,576

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

6. Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any potentially unrecoverable amounts. An allowance for doubtful debts is made when there is objective evidence that the Group may not be able to collect the debts. The allowance for bad debts is recognised in a separate account. Bad debts are written off when identified.

The Group classifies its financial assets as loans and receivables. Management determines the classification at initial recognition and where applicable re-evaluates this designation at the end of each reporting period. Loans and receivables are carried at amortised cost using the effective interest method. The Group assesses at the end of each financial period whether a financial asset is impaired.

Security deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Consolidated 2018	Consolidated 2017
	\$	\$
Receivables (Current)		
Receivable from JV Partner	137,499	137,667
Trade and other receivables	40,251	72,569
Provision for doubtful debt	(137,499)	(137,499)
GST recoverable from taxation authority	259,876	153,514
Accrued income	2,597	175,330
Prepayments	39,216	36,563
	341,941	438,144

Refer to Note 17 for the policy on financial risk management

Receivables (Non-current)		
Security deposits in relation to exploration tenements	485,866	415,866
	485,866	415,866

7. Property, plant & equipment

Property (Land held at cost)

Property, being interests in freehold land, is held at historical cost and is not depreciated as per AASB 116 Property, Plant and Equipment.

Plant and equipment

All assets acquired, including plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives from the time the asset is held ready for use as follows:

- Plant 3-10 years
- Vehicles 3-5 years
- Office equipment 3-5 years
- Computer software 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is impaired.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset.

Nil impairment losses have been recognised for the year ending 30 June 2018 (2017: \$nil).

	Consolidated 2018	Consolidated 2017
	\$	\$
<i>Property</i>		
Freehold land (at cost)	840,487	840,487
 <i>Plant and equipment</i>		
Depreciating plant and equipment	778,029	522,496
Less accumulated depreciation	(401,054)	(338,091)
	376,975	184,405
Total property, plant and equipment	1,217,462	1,024,892
 Reconciliation		
Carrying amount at beginning of year	1,024,892	1,011,759
Additions	275,964	80,446
Depreciation expense	(64,878)	(54,646)
Disposals	(18,516)	(12,667)
Closing balance	1,217,462	1,024,892

8. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually payable within 30 days of invoice. They are recognised initially at fair value and subsequently at amortised cost.

	Consolidated 2018	Consolidated 2017
	\$	\$
Trade payables	635,529	571,043
Accrued expenses & other payables	475,004	495,290
	1,110,533	1,066,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Deferred income

Japan Oil Gas and Metals National Corporation ("JOGMEC") farm-in agreement

On 30 September 2014, JOGMEC and Peel executed a Memorandum of Agreement ("MoA") pursuant to which JOGMEC could earn up to a 50% interest in certain exploration tenements held by Peel.

Under the terms of this agreement a wholly owned subsidiary of Peel incurred expenses in relation to the farm-in and JOGMEC contributed to these expenses by way of cash call. Based on the terms of the agreement, Peel will account for the MoA as per its policy and the agreement with CBH (above), except the Management Fee of 10% on all expenditure, which is accrued as cash calls are received.

	Consolidated 2018	Consolidated 2017
	\$	\$
Funds from farm-out of asset to JOGMEC	6,363,688	5,418,541
Total Deferred Income	6,363,688	5,418,541

10. Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet.

The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

In February 2017, the directors of Peel Mining Limited decided to start the process of floating on the Australian Stock Exchange the Exploration and Evaluation assets of Apollo Mining Pty Ltd (a wholly owned subsidiary which forms part of the Peel reportable segment). As part of this the assets would be transferred to a new wholly owned subsidiary company, Saturn Metals Limited ("Saturn"), prior to Initial Public Offering. The process was subject to shareholder approval, which was gained at a general meeting of the company held on 10 October 2017. Assets were transferred to Saturn the following day.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

After a successful Initial Public Offering which raised \$7,000,000 through the issue of 35,000,000 shares at \$0.20 per Share, Saturn was admitted to the Official List of ASX Limited on Wednesday 7 March 2018. Official Quotation of the following securities commenced on Friday, 9 March 2018. Post float and at year end, Peel held a 35.71% stake in Saturn.

	Consolidated 2018	Consolidated 2017
	\$	\$
Opening Balance	3,351,969	-
Assets transferred from Exploration and Evaluation	317,267	3,351,969
Assets sold	(3,669,236)	-
Total assets held for sale	-	3,351,969

11. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity acquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) are recognised directly in equity.

(a) Share capital

	Consolidated and Parent Entity			
	2018		2017	
	Shares	\$	Number of Shares	\$
Authorised and issued, ordinary shares fully paid	184,035,969	30,266,457	167,285,969	24,248,580

(b) Movements in ordinary share capital

Opening balance, 1 July	167,285,969	24,248,580	132,585,969	18,002,700
Shares issued as a result of exercise of options	1,750,000	218,600	-	-
Shares issued as a result of share placements	15,000,000	6,000,000	34,700,000	6,268,000
Transaction costs on share issues	-	(200,723)	-	(22,120)
Adjustments to share issue costs and related tax	-	-	-	-
Closing balance, 30 June	184,035,969	30,266,457	167,285,969	24,248,580

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to options issued during the year is set out in note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Capital risk management

In employing its capital the Company seeks to ensure that it will be able to continue as a going concern and in time provide value to shareholders by way of increased market capitalisation and/or dividends. In the current stage of its development, the Company has invested its available capital in acquiring and exploring mining tenements. As is appropriate at this stage, the Company is funded entirely by equity. As it moves forward to develop its tenements towards production, the Company will adjust its capital structure to support its operational and strategic objectives, by raising additional capital or taking on debt, as is seen to be appropriate from time to time given the overriding objective of creating shareholder value. In this regard, the board will consider each step forward in the development of the Company on its merits and in the context of the then capital markets, in deciding how to structure funding arrangements.

12. Reserves and accumulated losses

	Consolidated 2018 \$	Consolidated 2017 \$
<i>(i) Accumulated losses</i>		
Opening balance	(5,925,020)	(4,784,480)
Loss for the year	(1,366,537)	(1,140,539)
Loss attributable to associate	(306,149)	-
Closing balance	(7,597,706)	(5,925,020)
<i>(ii) Option reserve</i>		
Opening balance	1,718,996	1,370,469
Option expenses (employee/director options)	753,776	348,527
Closing balance	2,472,772	1,718,996

Nature and purpose of reserve

The share-based payment reserve represents the fair value of equity benefits provided to directors and employees as part of their remuneration for services provided to the Company paid for by the issue of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Share options and reserve movements	2018		2017	
	Options	\$	Options	\$
Opening balance	7,100,000	1,718,996	3,100,000	1,370,469
Issued to directors, employees and contractors	3,050,000	753,776	4,000,000	348,527
Lapsed	-	-	-	-
Exercised	(1,750,000)	-	-	-
Closing balance	8,400,000	2,472,772	7,100,000	1,718,996
Exercisable at 7 cents each on or before 4 December 2017	-	-	1,000,000	-
Exercisable at 19 cents each on or before 19 October 2018	600,000	-	1,100,000	-
Exercisable at 21.6 cents each on or before 7 December 2018	1,000,000	-	1,000,000	-
Exercisable at 20.3 cents each on or before 10 October 2019	800,000	-	1,000,000	-
Exercisable at 22.3 cents each on or before 28 November 2019	3,000,000	-	3,000,000	-
Exercisable at 26 cents each on or before 15 August 2020	1,000,000	-	-	-
Exercisable at 78.3 cents each on or before 30 November 2020	2,000,000	-	-	-
	8,400,000	-	7,100,000	-

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value (note 21).

13. Other Income

Income recognition

Income is recognised to the extent that it is probable that the economic benefit will flow to the Group and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised.

Interest income

Interest income is recognised as the interest accrues using the effective interest rate method.

Operator Management Fee

Peel Mining Limited receives a 10% management fee on all exploration expenses from Peel (CSP) Pty Ltd as the operator of the CSP Project, under the JOGMEC farm-in arrangement. The income is accrued when expenditure is incurred.

R&D Tax Incentive grant income

Peel accounts for funds received from the ATO under the Research and Development ("R&D") Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised. A portion of the R&D Tax Incentive Grant relates to corporate overheads. This portion has been recognised as other income.

Disposal of asset to associate

Peel has elected to apply the full gain recognition in accounting for the disposal of an asset to an associate. Under this method when control of a subsidiary is lost a gain or loss is recognised on both the retained interest in the entity and the portion no longer owned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All other items of income on the consolidated statement of profit or loss and other comprehensive income are listed below:

	Consolidated 2018	Consolidated 2017
	\$	\$
Gain and loss of disposal of assets (Exploration & Evaluation)*	332,221	-
Gain and loss of disposal of assets (Property, Plant & Equipment)	1,485	16,833
	333,706	16,833

* Gain recorded on the de-recognition of the Apollo Hill asset which was sold to Saturn Metals Limited.

14. Expenses

	Consolidated 2018	Consolidated 2017
	\$	\$
Loss before income taxes includes the following specific expenses:		
Employees and director's benefit expenses		
Employee costs	255,968	236,350
Directors fees	100,263	100,013
Superannuation	105,382	91,624
	461,613	427,987
Administration expenses		
Corporate	516,114	361,373
Consultants	171,219	183,236
	687,333	544,609

15. Income tax

The income tax expense (or benefit) for the period is the tax payable (or refundable) on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit and loss for the year.

	Consolidated 2018	Consolidated 2017
Income tax expense	\$	\$
Current tax	-	-
Deferred tax	-	(224,937)
 Numerical reconciliation of income tax to prima facie tax payable:		
Profit/(loss) from continuing operations before income tax	(1,672,686)	(1,140,539)
At the statutory income tax rate of 27.5% (2017: 30%)	(459,989)	(342,162)
Expenditure not allowed for income tax purposes:		
Non-deductible expenses	188,166	62,820
Benefit of temporary differences not previously recognised	(21,095)	(218,604)
Previously unrecognised/(utilised) tax losses in the current period	292,918	(110,431)
Tax losses not brought to account	-	-
Adjustments in respect of R&D Tax Incentive Scheme	-	608,376
Income tax benefit/(expense) reported in the Consolidated Statement of Profit and Loss and Other Comprehensive income	-	-
 Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax: share issue costs recognised through equity	(42,193)	(5,960)

The Group has total carried forward tax losses arising in Australia of \$21,138,327 (2017: \$12,432,777) available for offset against future assessable income of the Group. The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to the residual tax losses of \$111,169 have not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

Deferred taxes: the balance comprises temporary differences attributable to:

DTA – Deferred income	1,750,014	1,625,562
DTA – Provision for doubtful debts	37,812	41,250
DTA – Employee benefits	87,232	79,461
DTA – Other	48,153	5,960
DTL – Exploration & Evaluation	(6,609,273)	(5,448,061)
DTL – Investment in associate	(1,015,809)	-
	(5,701,871)	(3,695,828)
DTA – Tax Losses	5,701,871	3,695,828
Net deferred tax liability	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Reconciliation of cash flows from operating activities to loss after income tax

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

	Consolidated 2018 \$	Consolidated 2017 \$
Net cash outflow from operating activities	(946,035)	(724,554)
Adjustments for		
Share-based payments	(753,776)	(348,527)
Depreciation	(64,878)	(54,646)
Exploration expenditure written off	(673)	(144,737)
Gain on disposal of asset	330,765	-
Loss of associate	(306,149)	-
Change in operating assets and liabilities		
Decrease/ (increase) in receivables	130,789	86,093
Increase/ (decrease) in payables	(62,729)	45,832
Loss after income tax	(1,672,686)	(1,140,539)

17. Financial risk management

Overview

The Group is exposed to financial risks through the normal course of its business operations. The key risks impacting the Group's financial instruments are considered to be, interest rate risk, liquidity risk, and credit risk. The Group's financial instruments exposed to these risks are cash and cash equivalents, security deposits, trade receivables, trade payables and other payables.

Credit risk

The Group's maximum exposures to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position. Credit risk arises from the non-performance by counterparties of contractual financial obligations. Credit risk arises from cash and cash equivalents, deposits with banks, any outstanding receivables and committed transactions.

Management assesses the credit quality of the counterparties by taking into account its financial position, past experience and other factors. For banks and financial institutions, management considers independent ratings and only dealing with banks licensed to operate in Australia.

Trade and other receivables

The Group operates in the mining exploration sector and does not have trade receivables from customers. It does however have credit risk arising from other receivables.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Note	Consolidated 2018 \$	Consolidated 2017 \$
Carrying amounts			
Cash and cash equivalents with AA- rated banks	4	2,291,570	5,906,983
Receivable from JV partner – unrated counterpart	6	137,499	137,667
Provision for doubtful debt	6	(137,499)	(137,499)
Other receivables – unrated counterpart	6	40,251	72,569
External receivables with taxation authority	6	259,876	153,314
Security Deposits with AA- rated banks	6	485,866	415,866

Impairment losses

At 30 June 2018 the Group has recognised an impairment on a receivable from its joint venture partner, in line with prior years, in relation to expenses paid for by the Company in relation to the Mallee Bull tenement. None of Group's other receivables are past due.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity by maintaining adequate reserves by continuously monitoring forecast and actual cash flows ensuring there are appropriate plans in place to finance these future cash flows.

Typically the Group ensures it has sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

	Note	Consolidated Financial Obligations \$
30 June 2018		
Trade and other payables	8	1,110,533
30 June 2017		
Trade and other payables	8	1,066,333

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates, cash and cash equivalents at variable rates exposes the Group to cashflow interest rate risk. The Group is not exposed to fair value interest rate risk as all of its financial assets and liabilities are carried at amortised amount.

Profile

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	Variable Average Interest Rate	Consolidated Carrying Amount 2018 \$	2017 \$
Variable rate instruments			
Short term cash deposits	2.42%	1,000,000	5,906,983
Security deposits	0.77%	485,866	415,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash flow sensitivity analysis for variable rate instruments of the consolidated entity

At 30 June 2018 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax loss would have been \$14,858 lower/higher (2017: \$63,228 lower/higher).

Fair values

The carrying values of all financial assets and financial liabilities, as disclosed in the Consolidated Statement of Financial Position, approximate their fair values.

18. Contingencies & Commitments

The Group had no contingent assets or liabilities as at 30 June 2018 (2017: \$Nil).

Operating lease commitments – Peel Mining Limited as lessee

The Company has entered into a commercial property lease agreement for its Perth office, which has been on a on a month-by-month basis since July 2014.

The group had no other operating lease commitments within 12, before 60 or later than 60 months as at 30 June 2018.

Exploration commitments

Under the terms of mineral tenement licences held by the Group in New South Wales, there are no minimum annual expenditure obligations required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing.

Work programs are submitted on application and renewal which may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements, and avoid expenditure required on work programs, or may seek exemptions from the relevant authority. The Groups only commitments in relation to these tenements are the payment of annual rents which for the upcoming year total \$133,720 (2018: \$146,037).

19. Events after the reporting period

On the 7th September 2018, Peel Mining Limited announced that it had successfully completed an oversubscribed placement raising \$3.6 million. At the same time, it announced plans to undertake a fully underwritten rights issue to raise a further \$8.7 million. The placement was strongly supported, with major existing shareholders, institutional and sophisticated investors all taking part.

Capital raised would be used to deliver a maiden JORC Resource at Wagga Tank, advance Mallee Bull towards production, and complete the acquisition of the 2% NSR royalty over Wagga Tank. The company is exercising its pre-emptive right to purchase 2% NSR royalty from MMG for \$3,300,000 (incl GST).

The company lodged its prospectus for the fully underwritten rights issue with ASIC and the ASX on 10 September 2018. The offer is set to close on 3 October 2018 and the issue date of shareholder securities would be 9 October 2018 (per the announcement made to the ASX on 25 September 2018).

Other than above no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Related parties

(a) Compensation of key management personnel

	Consolidated 2018 \$	Consolidated 2017 \$
Short-term employee benefits	330,000	459,462
Post-employment benefits	32,506	45,330
Long-term benefits	3,830	3,830
Share-based payments	629,085	274,068
	995,421	782,690

(b) Other transactions with key management personnel

Simon Hadfield, is a director of Resource Information Unit Pty Ltd (RIU) and RIU Conferences Pty Ltd. RIU leases office space to the Company and charges rental lease fees on arm's length commercial terms on a monthly basis. Total fees charged to the Company by RIU for the year ended 30 June 2018 were \$58,055 (2017: \$59,981).

During the year the Company participated in conferences, to the value of \$15,840 (2016: \$13,860) organised by RIU Conferences Pty Limited. These amounts are included in losses for the year within administration expenses.

Aggregate amounts of each of the above types of "other transactions" with key management personnel of Peel Mining Limited:

Amounts recognised as expense	Consolidated 2018 \$	Consolidated 2017 \$
Rent and office management fees	58,055	59,981
Conferences	15,840	14,630
	73,895	74,611

(c) Transaction with Saturn Metals Limited

Peel Mining Limited (PEX) holds 35.71% of Saturn Metals Limited. During the year the Group sold the Apollo Hill Gold Project for \$4,000,000 in shares in Saturn Metals Limited. Saturn Metals Limited engaged Peel Mining Limited in a non-exclusive basis to perform and provide administrative services and facilities through a service agreement. Throughout the year Saturn Metals Limited made reimbursements for costs associated with the Initial Public Offering and management services, to Peel Mining Limited.

	Consolidated 2018 \$	Consolidated 2017 \$
Sale of Apollo Hill Gold Project	4,000,000	-
Proceeds from management service to associate	448,552	-

Outstanding balances arising from sale of services with related parties

	Consolidated 2018 \$	Consolidated 2017 \$
Saturn Metals Limited	2,049	-

Other than the above, the Group had no other transactions with related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Share-based payments

Share-based compensation benefits to directors, employees and consultants are provided at the discretion of the board.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, term of the option, share price at grant date, expected price volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option.

(a) Employee share option plan

During the year the Company granted options to employees through its employee share option plan ("ESOP").

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

	Consolidated			
	2018 Number	2018 \$	2017 Number	2017 \$
Options granted to employees	1,050,000	124,691	1,000,000	87,226

An employee share option plan, designed to provide long-term incentives for senior employees to deliver long-term shareholder returns, was established in June 2008. The plan was recently reapproved by shareholders at annual general meeting held on 22 November 2016. Under the plan, participants are granted options of which 50% are vested immediately and the remainder after 12 months employment with the Company.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share at an exercise price of 26 cents.

Set out below are summaries of options granted under the plan.

30 June 2018

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
15 Aug 17	15 Aug 20	0.26	-	1,050,000	(50,000)	-	1,000,000	475,000
10 Oct'16	10 Oct'19	0.203	1,000,000	-	(200,000)	-	800,000	800,000
19 Oct'15	19 Oct'18	0.19	1,100,000	-	(500,000)	-	600,000	600,000

30 June 2017

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
10 Oct'16	10 Oct'19	\$0.203	-	1,000,000	-	-	1,000,000	500,000
19 Oct'15	19 Oct'18	\$0.19	1,100,000	-	-	-	1,100,000	1,100,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair value of options granted

The assessed fair value at grant date of options granted to employees during the period ended 30 June 2018 was 11 cents per option (2017: 8 cents).

The model inputs for options granted during the years ended 30 June 2018 and 30 June 2017 included:

	Employee Options	
	2018	2017
Options are granted for no consideration and vest accordingly	50% vest immediately 50% vest in one year from grant date	50% vest immediately 50% vest in one year from grant date
Exercise Price	26.0 cents	20.3 cents
Grant Date	15 August 2017	10 October 2016
Expiry Date	15 August 2020	10 October 2019
Share Price at Grant Date	20.0 cents	15.0 cents
Expected price volatility	100%	100%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.92%	1.67%

(b) Director options

During the year the Company, with shareholder approval, granted options to its directors.

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

	Consolidated			
	2018 Number	2018 \$	2017 Number	2017 \$
Options granted to directors	2,000,000	629,085	3,000,000	261,301

Set out below are summaries of directors granted.

30 June 2018

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
30 Nov	30 Nov 20	0.783	-	2,000,00	-	-	2,000,000	1,500,000
28 Nov	28 Nov 19	0.223	3,000,000	-	-	-	3,000,000	3,000,000
7 Dec 15	7 Dec 18	0.216	1,000,000	-	-	-	1,000,000	1,000,000
5 Dec 14	4 Dec 17	0.07	1,000,000	-	-	(1,000,000)	-	-

30 June 2017

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
28 Nov	28 Nov 19	0.223	-	3,000,00	-	-	3,000,000	2,000,000
7 Dec 15	7 Dec 18	0.216	1,000,000	-	-	-	1,000,000	1,000,000
5 Dec 14	4 Dec 17	0.07	1,000,000	-	-	-	1,000,000	1,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair value of options granted

The assessed fair value at grant date of options granted to directors during the period ended 30 June 2018 was 33 cents per option (2017: 10 cents).

The model inputs for options granted during the years ended 30 June 2018 and 2017 included:

	2018	2017
Recipient	Executive & Non-exec Director Options	Executive & Non-exec Director Options
Options are granted for no consideration and vest accordingly	1,500,000 vest immediately 500,000 vest 30 Nov 18	2,000,000 vest immediately 1,000,000 vest 28 Nov 17
Exercise Price	78.3 cents	22.3 cents
Grant Date	30 November 2017	28 November 2016
Expiry Date	30 November 2020	28 November 2019
Share Price at Grant Date	58.0 cents	17.5 cents
Expected Price Volatility	100%	100%
Expected Dividend Yield	0.00%	0.00%
Risk-free interest rate	1.88%	1.89%

(c) Acquisition – Share based payment

Peel Mining Limited made no acquisitions using share based payments during the year.

(d) Weighted averages – Options

The weighted average exercise price \$0.356 (2017: \$0.19).

The weighted average fair value of options is \$0.15 (2017: \$0.08).

The weighted average remaining contractual life is 1.53 years (2017: 1.82 years).

22. Remuneration of auditors

	Consolidated 2018	Consolidated 2017
	\$	\$
Amounts paid or due and payable to PricewaterhouseCoopers Audit and review of financial reports	52,911	45,900
	52,911	45,900
Taxation services	22,440	10,098
Indirect taxation services	58,661	96,660
Valuation services	-	20,400
Total	81,101	127,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Loss per share

Basic loss per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	Consolidated	
	2018	2017
Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.009)	(0.008)
Diluted earnings/(loss) per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.009)	(0.008)
Reconciliation of loss used in calculation of loss per share		
Loss used in calculating basic loss per share	(1,672,686)	(1,140,539)

	Consolidated	
	Number of Shares 2018	Number of Shares 2017
Weighted average number of shares used as the denominator		
Weighted average number of shares used in calculating basic loss per share	177,513,640	150,949,805

Effect of dilutive securities

Options on issue at reporting date could potentially dilute earnings per share in the future. The effect in the current year is to reduce the loss per share hence they are considered anti-dilutive.

24. Non-cash investing and financing activities

On 8 September 2017, the Board of Peel Mining Limited announced plans to vend its Apollo Hill gold project into Saturn Metals Limited (a wholly owned subsidiary) with the intention to list the Company on the ASX, via an Initial Public Offering. The Company held a general meeting on 10 October 2017 at which they obtained shareholder approval for the transaction.

On the 11th October 2017 Saturn Metals Limited issued 20,000,000 shares to Apollo Mining Pty Ltd's nominee for the purchase of the Apollo Hill Gold project. The nominee company was Peel Mining Limited, the parent company of both entities.

Saturn Metals Limited opened its Initial Public Offering on the 10th January 2018 seeking to raise up to \$7,000,000 through the issue of up to 35,000,000 shares at \$0.20 per Share. The offer was announced and closed on the 20 February 2018 with the maximum amount of \$7,000,000 raised. Saturn Metals Limited was admitted to the Official List of ASX Limited on Wednesday 7 March 2018. Official Quotation of the following securities commenced on Friday, 9 March 2018 (2017: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Parent entity information

	Parent entity	
	2018	2017
	\$	\$
Statement of financial position		
Current assets	2,755,596	6,301,589
Total assets	26,708,770	20,093,461
Current liabilities	(1,141,876)	(808,925)
Total liabilities	(1,144,826)	(832,412)
Net assets	25,563,944	19,261,049
Equity		
Issued capital	30,223,294	24,248,580
Share option reserve	2,472,773	1,718,996
Accumulated losses	(7,132,123)	(6,706,526)
Total equity	25,563,944	19,261,049
Statement of profit or loss and other comprehensive income		
Interest Revenue	128,157	60,772
Other income	1,321,663	319,195
Comprehensive loss for the year	(517,780)	(995,802)
Total comprehensive loss for the year	(517,780)	(995,802)

Commitments for the parent entity are the same as those for the consolidated entity and are set out in note 18.

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

26. Interests in associate

Peel Mining Limited equity accounts for its sole associate of the group, Saturn Metals Limited, which at 30 June 2018 in the opinion of the directors, was that it is material to the group. The entity has share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of business	% of ownership Interest		Nature of relationship	Method	Quoted fair value		Carrying amount	
		2018	2017			2018	2017	2018	2017
		%	%			\$	\$	\$	\$
Saturn Metals Ltd	Aus	35.71%	100%	Associate	Equity Method	4,000,000	1	3,693,852	1
Total equity accounted investment								3,693,852	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Associate 2018	Associate 2017
	\$	\$
Statement of financial position		
Current assets	5,177,118	1
Total assets	10,365,284	1
Current liabilities	(315,379)	-
Total liabilities	(315,379)	-
Net assets	10,049,905	1
Equity		
Issued capital	10,631,001	1
Accumulated losses	(857,320)	-
Option reserve	276,224	-
Total equity	10,049,905	1
Statement of profit or loss and other comprehensive income		
Interest Revenue	27,334	-
Other income	-	-
Comprehensive loss for the year	(857,320)	-
Total comprehensive loss for the year	(857,320)	-
Reconciliation to carrying amounts:		
Opening balance (9 March 2018)	1	1
Asset acquired during the year	4,000,000	-
Loss for the period at 35.71%	(306,149)	-
Closing carrying value	3,693,852	1

27. Statement of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for the Group which comprises Peel Mining Limited and its controlled entities at the end of, or during the financial years ended 30 June 2018 and the comparative period.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Peel Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

New and amended standards adopted by the group

There were no new significant accounting standards or amendments adopted by the Company for the period commencing 1 July 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Peel Mining Limited (“the parent entity”) and entities controlled during the year and at reporting date (“Group”). A controlled entity is any entity that the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Information from the financial statements of the controlled entities is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated except where costs cannot be recovered.

Investments in subsidiaries are carried at cost in the parent entity.

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

Peel Mining Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Details of joint operations are set out in note 2.

(c) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(d) Accounting for farmouts

The Group may enter into transactions whereby a third party (“Farmee”) may earn a right to acquire an interest in assets owned by the Group by meeting certain obligations agreed to by both parties. As the terms of farm-ins are not generic management assess each agreement on a transaction by transaction basis and determines the appropriate accounting treatment based on the terms of the agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the Lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the liability. Finance charges are charged directly to the statement of profit or loss and other comprehensive income.

Operating lease payments are recognised as an expense when incurred.

(f) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and leave entitlements that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable is included as a current asset in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from the taxation authority are classified as operating cash flows.

(h) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments- (Effective date 1 January 2019)

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the financial instruments standard.

Management has assessed the assets, liabilities and contracts and believe they currently do not constitute financial instruments. The classification of assets and liabilities is not likely to change under the new standard, therefore the application of the standard will not have an impact on the Company's accounting for financial assets and liabilities during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AASB 15 Revenue from Contracts with Customers – (Effective date 1 January 2019)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. Management has assessed the impact of the new standard, and at this stage, its application to the Company's financial statements will have nil effect as the timing of revenue is not expected to change.

AASB 16 Leases – (Effective date 1 July 2019)

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Management is yet to assess the impact of the new standard.

(i) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

The Company makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration assets, where exploration expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Share-based payment transactions

The Group measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined using a Black-Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Impairment of capitalised exploration and evaluation expenditure

It is the Group's policy to capitalise costs relating to exploration and evaluation activities. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

Income tax related judgements

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Refer to note 15 for the current recognition of tax losses.

The board of directors of Peel Mining Limited declares that:

- (a) the financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
 - (ii) give a true and fair view of the consolidated financial position as at 30 June 2018 and of its performance for the financial year ended on that date of the consolidated entity.
- (b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) the board of directors have been given the declaration by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:



Rob Tyson

Managing Director
Perth, Western Australia
27^h September 2018



Auditor's Independence Declaration

As lead auditor for the audit of Peel Mining Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Peel Mining Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ben Gargett', written in a cursive style.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
27 September 2018



Independent auditor's report

To the members of Peel Mining Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Peel Mining Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

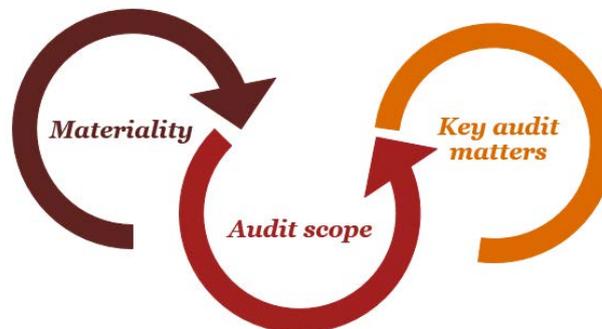
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$326,000, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose the Group's total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured whilst in the exploration phase.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group's operational and financial processes are managed by a corporate function in Perth, where substantially all of our audit procedures were performed.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board of Directors.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Basis of preparation of the financial report</i></p> <p>The Group is in the exploration and evaluation phase of its lifecycle and therefore does not generate revenue and relies on sufficient funding from its shareholders or other sources to continue as a going concern. These funds are used to maintain the good standing of the Group's tenements, progress project feasibility studies and to cover corporate overheads.</p> <p>In determining the appropriateness of their going concern basis of preparation of the financial report, the Group made a number of judgements, including expenditure required to progress the Group's projects and the minimum corporate overhead expenditure required to continue operations.</p> <p>Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the level of judgement involved in forecasting future cash flows for a period of at least 12 months from the date of the financial report.</p>	<p>In assessing the appropriateness of the going concern basis of preparation for the Group's financial report we performed the following procedures, amongst others:</p> <ul style="list-style-type: none">• Evaluated the appropriateness of the Group's assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of the financial report and that relevant information of which we are aware from the audit has been included.• Inquired of management and the directors whether they were aware of any events or conditions, including beyond the period of assessment, which may cast significant doubt on the Group's ability to continue as a going concern.• Evaluated the Group's plans for future actions in relation to raising additional funds, whether the outcome is likely to improve the situation, and whether they are feasible in the circumstances. This included tracing the cash received by the Group from a share placement subsequent to 30 June 2018 to bank statements and obtaining the underwriting agreement for a rights issue subsequent to 30 June 2018.• Compared the key underlying data and assumptions in the Group's cash flow forecast to approved budgets and historical cash outflows, including an assessment of the reasonableness of exploration and evaluation expenditure for the forecast period by comparing forecast expenditure to submitted work plans to relevant government authorities.



Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of exploration and evaluation assets <i>(Refer to note 5)</i></p> <p>As at 30 June 2018, the Group had capitalised exploration and evaluation assets of \$24,585,053 relating to mining, exploration and prospecting licenses across New South Wales.</p> <p>Judgement was required by the Group to assess whether there were indicators of impairment of the capitalised exploration and evaluation assets due to the need to make estimates about future events and circumstances, such as whether the mineral resources may be economically viable to mine in the future.</p> <p>This was a key audit matter because of the size of the balance and the risk of impairment should the Group relinquish certain exploration licences as it continues to assess future viability or the results of exploration activities not be position.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none">• Evaluated the Group's assessment that there had been no indicators of impairment for its capitalised exploration and evaluation assets, including inquiries with management and directors to develop an understanding of the current status and future intentions for the Group's exploration projects.• Tested, on a sample basis, whether the Group retained right of tenure for its exploration licence areas by obtaining licence status records from relevant government databases.• Obtained management's exploration expenditure forecasts supporting their assessment and compared these to the approved budgets and future cash flow forecasts of the Group.• Inquired of management and directors as to the future planned expenditure on capitalised exploration and evaluation assets and assessed plans for future expenditure to maintain the good standing of the Group's tenements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Corporate Directory, Chairman's report, Review of operations, Directors' report, Schedule of tenements as at 30 June 2018, Additional ASX information and Shareholder information, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 18 to 23 of the Directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Peel Mining Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Ben Gargett'.

Ben Gargett
Partner

Perth
27 September 2018

This page has been intentionally left blank

ASX BEST PRACTICE RECOMMENDATIONS

This statement outlines the main corporate governance practices that were formally in place from 15 September 2014 onwards. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

BOARD OF DIRECTORS

The Board operates in accordance with the broad principles set out in its' Corporate Governance Plan (Plan), which is available from the corporate governance information section of the Company website at www.peelmining.com.au.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its' shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Providing strategic guidance to the Company, including contributing to the development of and approving the corporate strategy;
2. **Financial performance** - Approving budgets, monitoring management and financial performance;
3. **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
4. **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** - Management of the remuneration and reward systems and structures for Executive management and staff;
6. **Risk management** - Ensuring that appropriate risk management systems and internal controls are in place; and
7. **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the board. All directors have direct access to the Company Secretary.

The Board has delegated to management responsibility for the day-to-day operation and administration of the Company is delegated by the board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive directors.

The roles of Chairman and Managing Director are not combined. The Managing Director is accountable to the Board for all authority delegated to the position.

ADDITIONAL ASX INFORMATION

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- procedures are in place to incorporate presentations to each Board meeting by financial and operations management.

COMPOSITION OF THE BOARD

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report. A summary of these skills and experiences are provided in table 1.

The composition of the Board is determined using the following principles

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter;
- The Chairperson should ideally be independent, but in any case be Non-executive and be elected by the Board based on his/her suitability for the position;
- The roles of Chairperson and Managing Director should not be held by the same individual;
- All Non-executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company;
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has three Directors, with only Mr Hadfield as independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

ADDITIONAL ASX INFORMATION

The Board has accepted the following definition of an independent Director:

An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

Table 1: Skills and Experience Matrix of Peel Mining Limited's Directors

Area	Competence
Business and Finance	Accounting, Tax, Business Strategy, Corporate Financing, Financial Literacy, Agreements/Fiscal Terms and Risk Management
Leadership	Business Leadership, Executive Management and Mentoring, Public Listed Company Experience
Sustainability & Stakeholder	Community Relations, Corporate Governance, Environmental Issues, Government Affairs, Health & Safety, Human Resources, Industrial Relations and Remuneration
Industry Specific (Australia)	Precious Metals – Exploration & Production, Base Metals – Exploration & Production, Mining & Resources

The directors on the Board collectively have a combination of skills and experience in the competencies set out in the table above. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each director and the combined capabilities of the Board. Where an existing or projected competency gap is identified, the Board will address those gaps. The Board does not currently consider that there are any existing or projected competency gaps.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS

Because of the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Non-executive directors do not have written agreements setting out the key terms and conditions of their appointment because the Company's constitution and the ASX Listing Rules govern the term of each director's appointment. Directors are required to retire by rotation. Common law and the Corporations Act govern the duties of directors and members are required to approve the maximum fees paid to non-executive directors. Executive directors enter into an employment agreement which governs the terms of their appointment.

The Board undertakes appropriate checks prior to nominating a director for election by shareholders. These checks include a police and reference checks. Shareholders are provided with all material information in its possession concerning a director standing for election or re-election in the relevant notice of meeting.

An informal induction is provided to all new directors, which includes meeting with technical and financial personnel to understand Peel Mining Limited's business, including strategies, risks, company policies and health and safety.

All directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors.

TERM OF OFFICE

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR

The performance of all Directors, the Board as a whole and the Managing Director and Company Secretary is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- comparison of the performance of the Board against the requirements of the Corporate Governance Plan;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

A review was undertaken during the reporting period.

PERFORMANCE OF SENIOR EXECUTIVES

The Managing Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive. The basis of evaluation of senior executives will be on agreed performance measures.

A review of senior executives was undertaken during the reporting period.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company are set out in the related parties note in the financial statements.

DIVERSITY

Peel Mining Limited recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Diversity Policy defines the initiatives which assist Peel Mining Limited with maintaining and improving the diversity of its workforce. A copy of the Diversity Policy can be found in the company's Corporate Governance Framework on the Company's website. The policy does not include a requirement also set Measurable Objectives for achieving gender diversity and monitor their achievement. Nor has the Board set measurable objectives for achieving gender diversity, given its current size and stage of development as an exploration company. However the board is striving to achieve the initiatives set out in the Policy.

The policy was formally adopted by the company on the 23 September 2015.

ADDITIONAL ASX INFORMATION

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the table below:

Proportion of Women	Proportion of women
Organisation as a whole	10 out of 26 (38%)
Executive Management Team	0 out of 1 (0%)
Board	0 out of 3 (0%)

REMUNERATION

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre Executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

BOARD REMUNERATION COMMITTEE

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.

AUDIT AND RISK COMMITTEE

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate. The Board assures integrity of the financial statements by:

- reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- monitoring compliance of the accounting records and procedures in conjunctions with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, ASX and Australian Taxation Office;
- ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- reviewing audit reports and management letters to ensure prompt action is taken;

- e) when required, nominating the external auditor and at least annually review the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

RISK OVERSIGHT AND MANAGEMENT

The Board determines the Company's 'risk profile' and is responsible overseeing and approving risk management strategy and policies, internal compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

The Board reviewed the Risk Management Framework, including the policies, procedures and the Company's Risks during the reporting period.

A summary of Peel Mining Limited's Risk Management review procedures can be found in the corporate governance information section of the Company website at www.peelmining.com.au.

Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity.

Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

No internal audit function is currently in place due to the size of the Company, however Board regularly assess the need for an internal audit function. The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Half yearly, the Financial Controller (or equivalent) and the Managing Director are required to state in writing to the Board that in all material respects:

ADDITIONAL ASX INFORMATION

Declaration required under s295A of the Corporations Act 2001 -

- the financial records of the Company for the financial period have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied.

Additional declaration required as part of corporate governance -

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the June 2018 financial year.

CODE OF CONDUCT

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity & Objectivity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

TRADING IN PEEL MINING LIMITED SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

CONTINUOUS DISCLOSURE

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

The Company is committed to:

- a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- b) preventing the selective or inadvertent disclosure of material price sensitive information;
- c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

SHAREHOLDER COMMUNICATIONS STRATEGY

The Company recognises the value of providing current and relevant information to its shareholders. The Company has adopted a Shareholder Communications Strategy which can be accessed from Peel Mining Limited's website at <http://www.peelmining.com.au/wp-content/uploads/2014/09/Peel-Mining-Ltd-Corporate-Governance-Framework-board-approved-150914.pdf>.

Information is communicated to shareholders through the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting. After the Annual General Meeting, the Managing Director provides shareholders with a presentation. Afterwards all directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact the Company through the Contact Us section on Peel Mining Limited's website, to submit any questions via email, or call.

The Company's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

The Company ensures that its external auditor is present at all Annual General Meetings to enable shareholders to ask questions relevant to the audit directly to the auditor.

COMPANY WEBSITE

Peel Mining Limited has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at www.peelmining.com.au.

SHAREHOLDER INFORMATION

Information relating to shareholders at 25 September 2018

Distribution of shareholders

Range	No. of Holders	No. Ord	
		Shares	%
1 - 1,000	79	30,675	0.02
1,001 - 5,000	221	659,065	0.34
5,001 - 10,000	185	1,548,517	0.80
10,001 - 100,000	559	21,669,482	11.16
100,001 - 9,999,999,999	177	170,328,230	87.69
Total	1,221	194,235,969	100.00

Twenty largest shareholders

	No. Ord Shares	%
1. ST BARBARA LTD	34,750,000	17.89
2. POINT NOMINEES PTY LTD	15,422,890	7.94
3. PERTH CAPITAL PTY LTD	13,608,814	7.01
4. ARIKI INVESTMENTS PTY LIMITED	10,855,897	5.59
5. HAMPTON HILL MINING NL	10,350,000	5.33
6. PERTH CAPITAL PTY LTD	5,920,000	3.05
7. JAYLEAF HOLDINGS PTY LTD	3,602,030	1.85
8. WYTHENSHAW PTY LTD	3,110,000	1.60
9. MR ROBERT MACLAINE TYSON	2,877,625	1.48
10. CITICORP NOMINEES PTY LIMITED	2,695,274	1.39
11. MR SIMON HADFIELD & MRS FIONA HADFIELD	2,195,560	1.13
12. MR JONATHON TYSON & MR CHRIS TYSON & MR ROBERT TYSON	2,030,000	1.05
13. ARIKI INVESTMENTS PTY LIMITED	1,950,000	1.00
14. WARRAMBOO HOLDINGS PTY LTD	1,891,798	0.97
15. MR KEIRAN HAYNES	1,500,000	0.77
16. MR ANDREW LENOX HEWITT	1,470,000	0.76
17. CS FOURTH NOMINEES PTY LIMITED	1,421,450	0.73
18. MR MICHAEL HSIAU YUN LAN	1,300,000	0.67
19. NALMOR PTY LTD IOHN CHAPPELL SUPER FUND A/C	1,300,000	0.67
20. DENKEY PTY LTD	1,300,000	0.67
	123,126,338	63.39

Substantial shareholders

	No. Ord Shares	%
1. Hampton Hill Mining NL and Associates	35,480,612	18.27%
2. St Barbara Ltd	34,750,000	17.89%
3. William Hodeson and Associated Companies	19,200,000	8.88%
4. Point Nominees Pty Ltd	15,422,890	7.94%

SHAREHOLDER INFORMATION

At the prevailing market price of \$0.39 per share there were 97 shareholders with less than a marketable parcel of shares at 25 September 2018.

At 25 September 2018 there were 1,221 holders of ordinary shares in the Company.

At the date of this report there were no shares or options restricted by the ASX.

Unquoted securities

At the date of this report the Company had 8,300,000 unlisted share options on issue.

Voting Rights

The voting rights attaching to the ordinary shares, set out in Clause 12.11 of the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

1. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
2. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
3. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited)"