



peel mining

LIMITED

ACN 119 343 734

DANGER
FLAMMABLE
GAS

2019 ANNUAL REPORT

CORPORATE DIRECTORY

Directors

Simon Hadfield Non-executive Chairman
Rob Tyson Managing Director
Graham Hardie Non-executive Director
James Simpson Executive Director Mining

Company Secretary

Ryan Woodhouse

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Stock Exchange Listing

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

ASX Code

PEX

ACN

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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 23 September 2019. The directors have the power to amend and reissue the financial statements.

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Continued exploration success at the Wagga Tank-Southern Nights polymetallic project over the past year has dramatically improved the Company's prospects in the Cobar Basin in NSW.

Your Directors now believe that the 100%-owned WT-SN and the nearby 50%-owned Mallee Bull copper project together offer potential for the critical mass required to support new development options.

With that in mind the Company will push hard to establish higher confidence resources for both projects as soon as possible.

Drilling at WT-SN during 2018-19 returned some of the highest-grade zinc-rich drill intercepts reported anywhere in the world including one stunning intercept of **18.2m @ 40.3% Zn, 15.7%Pb, 0.97% Cu, 356 g/t Ag and 2.77 g/t Au from 182m.**

This culminated in the publication of a maiden resource for the WT-SN project of **3.8Mt for 9.2% zinc equivalent (348,000t contained ZnEq)**. It included a very rich zone at Southern Nights of **290,000t at 32.9% ZnEq** commencing at ~150m below surface, which was included in a high-grade resource of **1.7Mt at 14.7% ZnEq.**

Further drilling at WT-SN since year end has identified a new high grade zone and this, combined with other drilling, is expected to increase significantly the grade and volume of an updated mineral resource.

During the year, your Company agreed with CBH Resources (a subsidiary of Toho Zinc of Japan) to seek approval to establish an exploration decline at the Mallee Bull joint-venture project for the purpose of drilling out the deeper copper ore body to establish a more indicative resource. A dig and truck operation taking ore to CBH's Endeavour mine for processing was one of several options being considered by both companies for future development.

Mallee Bull has a current resource estimate of **6.76Mt at 2.6% copper equivalent** and it is hoped that grade and tonnage could increase significantly with further drilling of Mallee Bull Deeps.

Saturn Metals Investment

During the prior financial year Peel successfully completed the spin out of Saturn Metals Ltd and now has a 27.33% stake in the new company.

In November 2018 Saturn reported an updated resource estimate for its Apollo Hill gold project of **20.7Mt at 1 g/t Au for 685,000oz gold¹**, an uplift of 36% on the previous resource.

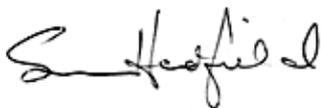
CHAIRMAN'S LETTER

New drill results have highlighted the existence of near-surface, high-grade mineralised structures which have the potential to materially increase the scale of the Apollo Hill project. Your company remains enthused by the developments at Apollo Hill and views its holding in Saturn as an important investment.

It is my pleasure to welcome Mr Jim Simpson to Peel's Board of Directors effective early September 2019. Jim is a mining engineer who has an extensive knowledge of underground base metal mining and a strong background in mining company management. In view of the Company's continued growth towards mine development I look forward to his contribution to the ongoing success of Peel.

Finally on behalf of all shareholders, I would like to thank my fellow directors Graham Hardie and Rob Tyson, and Company Secretary Ryan Woodhouse for their resolute commitment to Peel, and also to the Company's excellent team for the significant milestones achieved in the past year.

Yours sincerely



Simon Hadfield

Chairman

23 September 2019

1. Information for the Saturn Metals Limited Apollo Hill Mineral Resource can be found on their website (www.saturnmetals.com.au), or in Saturn Metals Limited's ASX Market Release "Apollo Hill Gold Resource Jumps 36% to 685,000oz", dated 19 November 2018.

REVIEW OF OPERATIONS

Company Overview

Peel Mining Limited (“the Company”) 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 Superbasin since March 2010. In that time, the Company has grown to become NSW’s predominant greenfield’s explorer, with the largest single company holding of ~5,000 km² in the Cobar Superbasin. The Company has made three major discoveries in this time: the 100%-owned **Wagga Tank-Southern Nights Lead-Zinc-Silver discovery**, the **Mallee Bull Copper discovery** (in Joint Venture with CBH Resources); and the **Wirlong Copper discovery** (in Joint Venture with JOGMEC).

The **Wagga Tank Project** is located on the western edge of the Cobar Superbasin, ~130 km south of Cobar or ~30km northwest of Mount Hope and is host to the namesake polymetallic VMS-type deposit. Mineralisation straddles a broad zone of intense tectonic brecciation and hydrothermal alteration (sericite-chlorite with local silicification) and occur as sub-vertical elongate shoots/lenses. Drilling to date has focused on defining the geometry and extent of large-scale Zn-rich mineralisation at Wagga Tank-Southern Nights.

The **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. The Company and CBH Resources Limited (a wholly owned subsidiary of 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 suitably 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 hydrothermal breccia 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 is split into three lenses; Silver Ray, Union and Mallee Bull Deeps.

The **Cobar Superbasin Project** (CSP) is under a Memorandum of Agreement with Japanese Oil Gas and Metals National Corporation (JOGMEC) which has earned the right to take up a 50% interest in the project after spending \$7 million on exploration expenditure. The project consists of 15 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. Both parties to the agreement are now funding activities on a pro rata basis.

REVIEW OF OPERATIONS

Wagga Tank - Southern Nights (PEX 100%)

Targets: Cobar-style polymetallic mineralisation; Volcanogenic Massive Sulphide mineralisation.

The company's primary focus during the year was at the Wagga Tank/Southern Nights prospect following the successful discovery of the high grade Southern Nights deposit in the previous year. A close spaced infill and extensional resource definition drilling programme was designed to better define the geometry and scale of the mineralisation, in anticipation of completing a maiden Mineral Resource Estimate.

The company drilled 87 holes for 25,669 metres at the project during the year and the drill programme resulted in some exceptional drill assays:

- WTRCDD150 returning **18.2m @ 40.3% Zn, 15.7% Pb, 0.97% Cu, 356 g/t Ag and 2.77 g/t Au** from 182m.
- WTRCDD153 intersected **20.65m @ 9.92% Zn, 4.83% Pb, 0.51 % Cu, 104 g/t Ag, 0.53 g/t Au** from 355.35m including **8.29m @ 16.91% Zn, 10.26% Pb, 0.7% Cu, 210 g/t Ag, 0.63 g/t Au** from 355.35m.
- WTRCDD157 intersected **53m @ 7.43% Zn, 3.46% Pb, 1.48% Cu, 114 g/t Ag, 1.47 g/t Au** from 218m including **18.1m @ 20.37% Zn, 9.77% Pb, 0.36% Cu, 238 g/t Ag, 1.09 g/t Au** from 218m and **18m @ 3.04% Cu, 2.49 g/t Au, 81 g/t Ag, 0.93% Zn, 0.06 % Pb** from 252m.
- WTRCDD166 intersected **40m @ 10.2% Zn, 2.83 % Pb, 0.61% Cu, 49 g/t Ag, 1.04 g/t Au** from 365m including **16.21m @ 16.91% Zn, 5.01% Pb, 0.43% Cu, 87 g/t Ag, 0.98 g/t Au** from 366.23m and **5.63m @ 17.23% Zn, 3.75% Pb, 1.02% Cu, 49 g/t Ag, 1.44 g/t Au** from 392.42m.
- WTRCDD189 intersected **9.0m @ 19.91% Zn, 9.55% Pb, 0.17% Cu, 220g/t Ag and 0.36g/t Au** from 336m including **5.4m @ 29.26% Zn, 13.97% Pb, 0.22% Cu, 326g/t Ag and 0.45g/t Au** from 337.2m.
- WTRCDD199 intersected **23.1m @ 22.54% Zn, 12.0% Pb, 0.25% Cu, 200g/t Ag and 1.42g/t Au** from 224m including **16.35m @ 28.09% Zn, 15.77% Pb, 0.26% Cu, 270g/t Ag and 1.80g/t Au** from 224.75m.

This drilling successfully delineated the approximate dimensions of the high-grade mineralisation associated with the Southern Nights Central Zone and has also better outlined the broader mineralised structure across the 700m of strike at Southern Nights. It has also identified stratigraphic continuity to the high grade mineralisation, with the shallower zone of mineralisation (<~250m below surface) being drilled at a nominal 20x20m drill spacing and the deeper zone of mineralisation (>~250m below surface) being drilled on a 40x40m drill spacing to define the overall size and geometry of the high grade mineralisation at depth. The drill density was designed to deliver some of the shallower mineralisation into the Indicated mineral resource category.

Drilling resulted in the Company releasing its maiden JORC 2012 Indicated & Inferred Mineral Resource Estimate ("MRE") at Wagga Tank/Southern Nights, subsequent to year end. The Mineral Resource of **3.8Mt @ 5.5% Zn, 2.1% Pb, 75 g/t Ag, 0.27% Cu and 0.31 g/t Au for 206,000t contained Zn, 78,000t contained Pb, 9.1Moz contained Ag, 10,000t contained Cu and 38,000 oz contained Au, or 9.2% ZnEq for 348,000t contained ZnEq**, was estimated using a 3.5% ZnEq cut-off. Approximately 30% of the resource tonnage and 46% of the contained metal tonnage is classified at an Indicated level with the respective balances being classified at an Inferred level. It was reported at a 3.5% ZnEq cut-off. The MRE (see Table 1 below) for the Wagga Tank and Southern Nights deposits were reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)).

REVIEW OF OPERATIONS

Table 1 – Southern Nights and Wagga Tank Mineral Resource (3.5% ZnEq¹ cutoff)

Mineral Resource Estimate for the Southern Nights Deposit							
Resource	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,106,000	4.5	1.5	69	0.14	0.13	7.2
Total Resource	3,232,000	6.0	2.2	83	0.19	0.24	9.7
Mineral Resource Estimate for the Wagga Tank Deposit							
Resource	Tonnes (t)	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Inferred	532,000	2.4	1.2	31	0.74	0.77	6.6
Total Resource	532,000	2.4	1.2	31	0.74	0.77	6.6
Mineral Resource Estimate for the Southern Nights and Wagga Tank Deposit							
Resource	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,638,000	4.0	1.4	62	0.26	0.26	7.1
Total Resource	3,764,000	5.5	2.1	75	0.27	0.31	9.2

Note: Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding. 1 - Zinc equivalent (ZnEq) has been calculated using assumptions regarding metal sale prices detailed in Table 2. It is Peel Mining Limited's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. See ASX announcement dated 12th July 2019 – "Robust Maiden resource Confirms Outstanding Mining & Growth Potential at Southern Nights-Wagga Tank".

The MRE includes a high-grade estimate of 1.7Mt @ 9.3% Zn, 3.7% Pb, 119 g/t Ag, 0.18% Cu and 0.29 g/t Au, or 14.7% ZnEq, using a 7% ZnEq cut-off.

Zinc Equivalent

For the reporting of the Mineral Resource Estimate, a 3.5% Zinc Equivalent cut-off grade has been used for an assumed underground mining resource. The Zinc Equivalent grades have been calculated for both the zinc dominated and copper dominated material which contains potentially economic quantities of zinc, lead, copper, gold and silver. The formulas used have been based on the following price assumptions (in Australian dollars): Zinc - \$3,450/t; Lead - \$2,685/t; Silver - \$20/oz; Copper - \$8,350/t; Gold - \$1,880/oz. The Zinc Equivalent values have been calculated for each estimated block.

The Zinc Equivalent formula is:

$$\text{ZnEq \%} = (\text{Zn_ppm} + (2.18 * \text{Cu_ppm}) + (0.70 * \text{Pb_ppm}) + (15,768 * \text{Au_ppm}) + (168 * \text{Ag_ppm})) / 10000$$

Table 2 – Zinc Equivalent Assumptions

Metal	Price A\$	Unit	Metallurgical	ZnEq
Zinc	3,450	t	90%	1
Lead	2,685	t	81%	0.7
Silver	20	oz	81%	168
Copper	8,350	t	81%	2.18
Gold	1,880	oz	81%	15,768

REVIEW OF OPERATIONS

Metallurgical Testwork

During the year the Company performed preliminary “early warning or fatal flaw” metallurgical testwork at ALS Burnie. This showed good recoveries for the primary economic metals of interest (zinc and lead) given the cursory nature of the work. Zinc returned an 81% recovery to 47% Zn concentrate whilst lead yielded a 71% recovery to 50% Pb concentrate. New metallurgical testwork at ALS Burnie is underway and it is anticipated that improvements upon the initial testwork will be made. Encouraging findings regarding copper, silver and gold are also anticipated. This testwork remains ongoing, and is considered early in nature, and will be reported in due course.

Existing Cobar Basin Mining Operations

Available data (public and private) for existing operational Cobar Basin base metal mines indicates metallurgical recoveries of primary economic metals (by value) range from approximately 80% to up to 99%. The Hera Au-Zn-Pb-Ag mine bares the most similarities in terms of mineralisation and deposit style, to that at Southern Nights-Wagga Tank. The most recent full year (FY2018) data of steady state production for Hera showed recoveries of approximately 90% for the primary economic metals sought: 89.4% Au, 88.2% Ag, 89.5% Pb, and 89.8% Zn. Based on the limited yet encouraging metallurgical testwork completed to date, and the recoveries achieved at other Cobar Basin base metal mines, the Company has assumed 90% recovery for zinc, and 81% recovery for all other elements included in the metal equivalent calculation. It is the Company’s opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

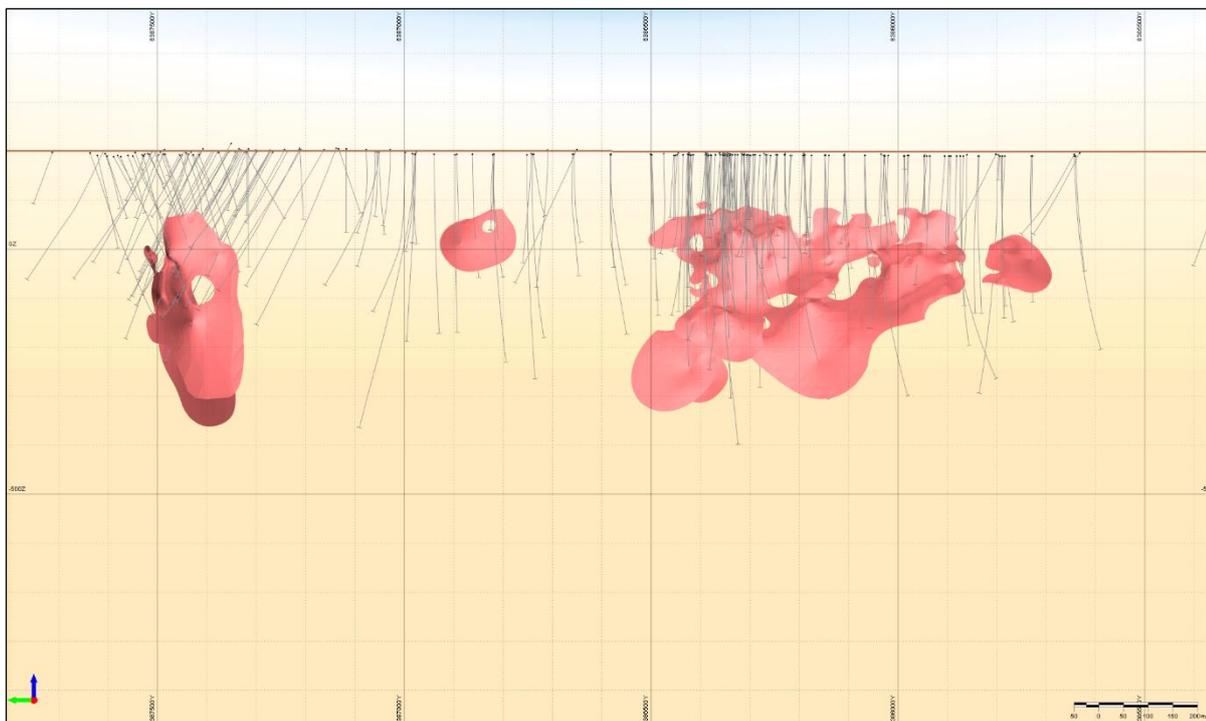


Figure 1 - Wagga Tank-Southern Nights Indicated & Inferred Resource long section showing >4% Zn domains.

Planned Activities

The MRE provides the Company with a solid foundation to immediately commence Scoping Studies to advance the potential development scenarios at Wagga Tank-Southern Nights. Activities underway at the time of reporting include detailed metallurgical testwork, ongoing geotechnical studies, pre-development environmental baseline work, new geophysical surveys and drill targeting of potential extensions to mineralisation. The Wagga Tank-Southern Nights mineral system remains open along strike and down dip.

REVIEW OF OPERATIONS

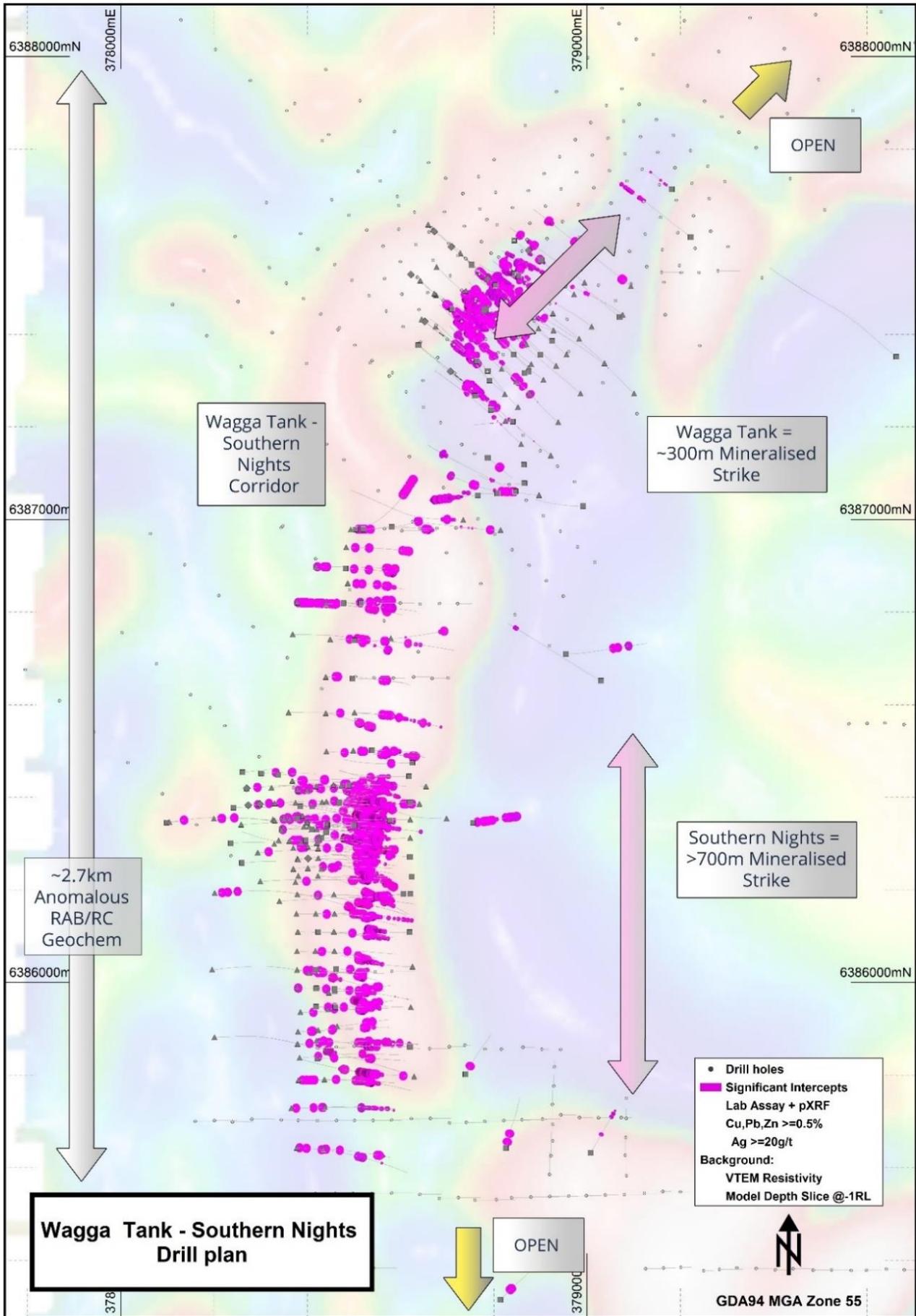


Figure 2: Wagga Tank-Southern Nights Drill Plan

REVIEW OF OPERATIONS

Mallee Bull Joint Venture Project (PEX 50%; CBH 50%).

Targets: Cobar-style polymetallic mineralisation; Volcanogenic Massive Sulphide mineralisation.

Mallee Bull

During the year, the Company and CBH Resources Limited agreed to seek regulatory approval to establish an exploration decline which will enable definition drilling and exploration from underground of the deeper portions of the deposit, as well as to obtain a bulk sample of the Silver Ray zinc-lead-silver lens for potential processing at CBH's Endeavor Mine. Exploration declines are a common method of de-risking underground mining developments, particularly in NSW. Current examples include Aurelia Metals and Evolution Mining, with both groups announcing plans to construct exploration declines at their respective Peak and Lake Cowal operations.

Following the finalisation of development studies into the project's advancement, an exploration decline has been deemed by the Company and CBH as a low risk path to unlock the value of the multitude of high-grade base metals-rich drill intercepts recorded at Mallee Bull. Deeper drilling at the project has returned many exceptional intercepts highlighting the project's strong economic potential, with better intercepts including:

- **72m @ 2.11% Cu, 41 g/t Ag, 1.13 g/t Au** from 363m in MBDD002.
- **53m @ 4.08% Cu, 42 g/t Ag, 0.22 g/t Au** from 470m in MBDD009W1.
- **69m @ 3.48% Cu, 34 g/t Ag, 0.14 g/t Au** from 533m in MBDD009.
- **84m @ 4.42% Cu, 38 g/t Ag, 0.14 g/t Au** from 575m in MBDD009W2W1.

The project has been designed to have minimum surface impact with less than 10 hectares of disturbance planned. The joint venture proposes to develop a box cut to ~30m below surface, to provide a suitable portal for the establishment of an exploration decline to ~300m below surface (~2,000m in length), along with a ventilation rise, escapeway and all other necessary infrastructure, including: waste, ore and topsoil stockpiles; water storage dam; water diversion drains and settling ponds/sumps; workshop facilities; explosive magazine; fuel storage; power generator; site office, ablution blocks and car park; heavy vehicle parking and laydown areas; haul and access roads; waste storage facilities; and an accommodation camp for approximately 30 personnel.

After the exploration decline reaches approximately 130m below surface, a bulk sample of up to 20,000t (5,600m³) of material is to be excavated from the Silver Ray Lode, which lies between approximately 60m and 130m below surface. The bulk sample is for the primary purpose of confirming the metallurgical characteristics (including mineral recovery rates) using conventional sulphide flotation processing methods. Metallurgical testwork to date has yielded total recoveries of up to 90.3% Zn, 92.3% Pb and 82.3% Ag, producing separate zinc and lead concentrates. The Silver Ray Lode is characterised by high-grade zinc-lead-silver mineralisation, with intercepts including; 13.5m @ 21.1% Zn, 14.1% Pb, 268g/t Ag from 82m in MBDD028; 12m @ 20.3% Zn, 14.8% Pb, 308g/t Ag, 1.59g/t Au from 83m in MBRC024; and 9m @ 20.8% Zn, 10.6% Pb, 338g/t Ag, 1.91g/t Au from 88m in MBRC085.

Successful underground exploration will see the JV seek approval for conversion to a full mining operation, with the benefit of established infrastructure, sunk capital costs and a streamlined regulatory approvals process. Regulatory approval for the exploration decline is anticipated to take between 6-12 months and is being sought via a Review of Environmental Factors (REF) which is being submitted to the NSW Department of Planning and Environment. The high-grade bulk sample from the Silver Ray lens is anticipated to contribute significantly towards offsetting of capital costs. Final development approval is subject to JV agreement and project funding. In this regard, discussions between the Company and CBH are ongoing.

REVIEW OF OPERATIONS

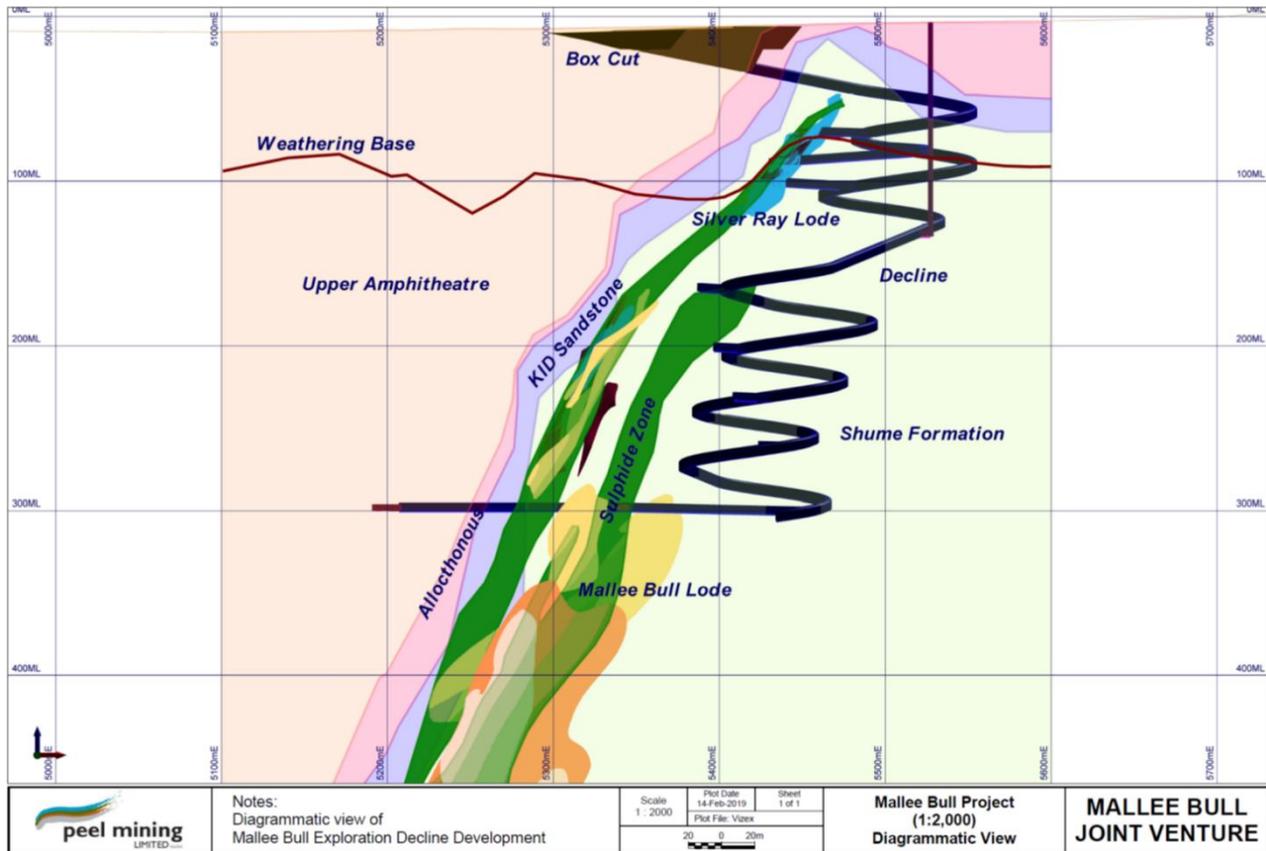


Figure 3: Proposed Mallee Bull Exploration Decline Development

May Day Deeps

The May Day Deeps prospect is located within Mining Lease 1361, part of the Mallee Bull JV, and is defined as a significant IP and magnetic geophysical anomaly located in an assumed down plunge position to the east of the historic May Day VMS deposit. In June 2019, a single drillhole was drilled (MRCDD011) from a collar position north-east of the historic May Day deposit, targeting this anomaly. Several zones of minor mineralisation were observed with coinciding anomalous multi-element pXRF geochemistry, however final assay results remained pending at the time of reporting.

Cobar Superbasin Project (PEX 100%; JOGMEC 50% earn, unvested).

Targets: Cobar-style polymetallic mineralisation; Volcanogenic Massive Sulphide mineralisation.

Wirlong

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

REVIEW OF OPERATIONS

Better results from previous years' drilling included:

- **27m @ 5.3% Cu, 23 g/t Ag from 286m** in WLRC026
- **31m @ 3.19% Cu, 11 g/t Ag from 299m** including **10m @ 8.83% Cu, 28 g/t Ag from 299m** in WLRC052
- **9m @ 8.0% Cu, 17g/t Ag, 0.21 g/t Au from 616m** in WLDD001
- **17m @ 4.59% Cu, 8 g/t Ag from 738m** in WLRCD043

Wirlong Phase 6 drilling programme was completed during the year comprising two percussion pre-collar drillholes with diamond tails. WLRCD059 and WLRCD060 were drilled to target magnetic high and the interpreted down dip continuity of surface geochemical anomalies. Significant mineralised intervals included:

- **1.2m @ 1.09% Cu** and **6 g/t Ag** from 523m; **0.65m @ 2.96% Cu, 0.17% Zn** and **14 g/t Ag** from **484.85m**; and **2m @ 0.49% Cu** and **0.3% Zn** from **474m** in WLRCD059.
- **1.2m @ 0.93% Zn** and **0.44% Pb** from **463m**; **11.1m @ 0.68% Cu** from **604.9m** (including **1m @ 3.15% Cu** from **615m**; and **1m @ 0.68% Cu** from **620m** and **1m @ 0.37% Cu** from **623m** in WLRCD060.

Further drilling completed post year end at Wirlong targeted a DHEM conductor plate located between WLRCD028 and WLRCD055. WLRCD025 intersected strong chalcopyrite mineralisation over 3m from 428m down hole, which explained the DHEM conductor. Assays and interpretation are remained pending at the time of reporting. During the year a detailed structural study of the high-grade mineralisation was undertaken. The interpretation showed the potential for high-grade mineralisation to be at a different orientation (NW/SE vs N-S) than previously assumed. This interpretation will be tested during the upcoming year by changing the azimuth of new drillholes in the main high-grade zone.

REVIEW OF OPERATIONS

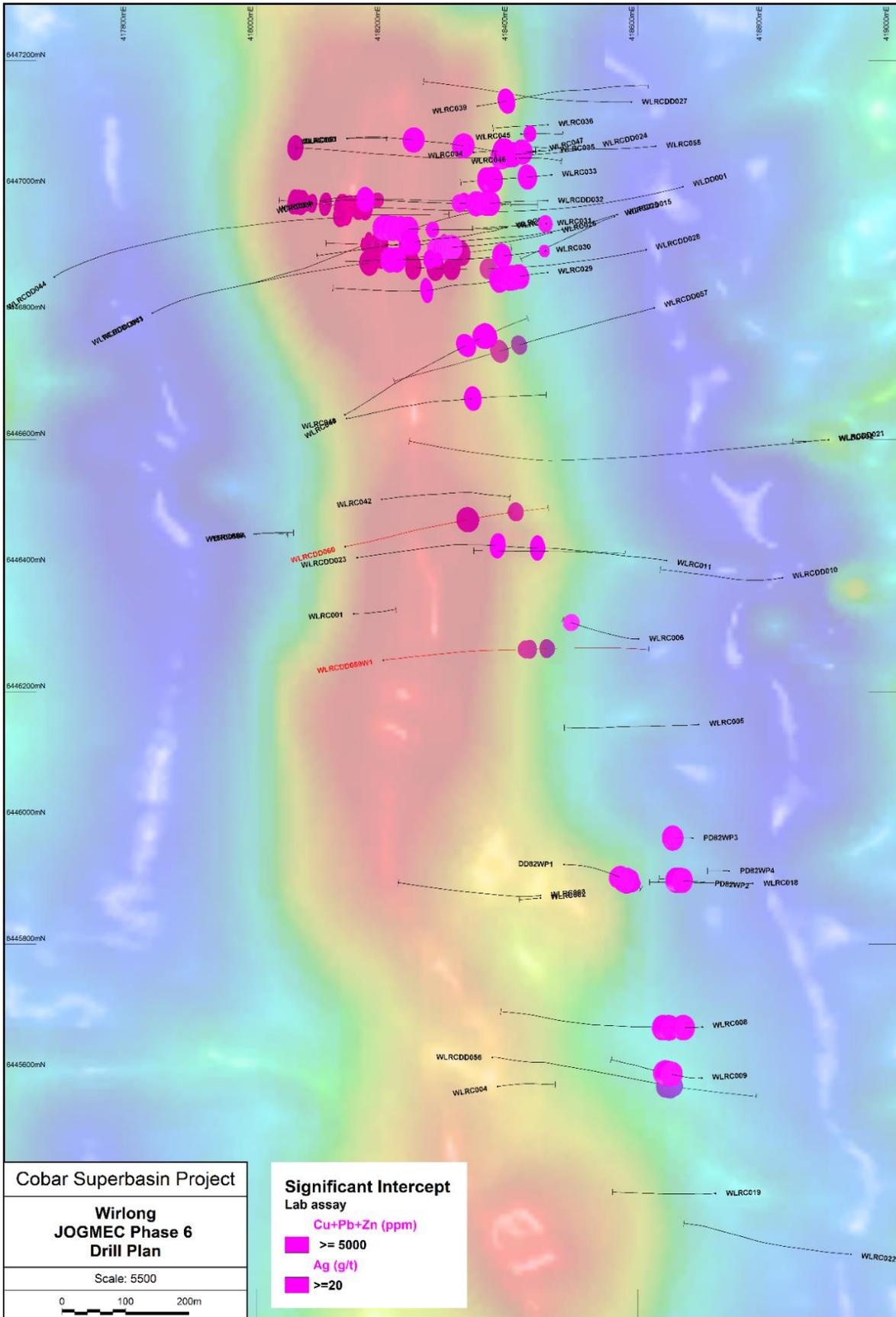


Figure 4 - Wirlong Phase 6 Drill Plan.

REVIEW OF OPERATIONS

Bedooba

Two percussion drillholes (BERC005 and BERC006) were initially drilled to target an off-hole conductor identified from the DHEM of the historic Bedooba drillhole CBD013DD11. Assays returned showed minor mineralisation was encountered within these holes. BERC005 (300m) intersected 2m @ 0.18% Zn, 0.1% Pb and 0.82% Cu from 127m and 3m @ 0.11% Cu from 134m. BERC006 (378m) intersected 1m @ 0.11% Cu from 205 and 1m @ 0.32% Cu from 295m. Additional DHEM was then conducted with a very strong, off-hole, late time anomaly identified to the south of BERC006. Re-interpretation of the previous DHEM from CBD013DD11 was conducted which supported the new location of the strong conductor.

Two additional percussion drillholes (BERC007 and BERC008) were drilled to target the off-hole conductor, identified from the DHEM of BERC006. These holes were dominantly comprised of interbedded sediments exhibiting moderate alteration and minor disseminated to fracture filled sulphide mineralisation. Assay results returned indicated minor copper mineralisation in both drillholes. BERC007 (300m) intersected 10m @ 0.25% Cu from 239m and 1m @ 0.5% Cu from 283m. BERC008 (192m) intersected 1m @ 0.4% Cu from 140m and 1m @ 0.4% Cu from 170m. A narrow zone of massive pyrrhotite-rich sulphide material was intersected in a position close to the presumed conductor position providing an explanation for the DHEM anomaly.

Corporate Activity

Royalty Purchase

On 10 August 2018, MMG notified the Company that it had received an offer from a TSX-listed royalty streaming business to purchase the royalty interests associated with the tenements acquired from MMG in 2016. Pursuant to the Company's first right of refusal regarding the Royalty Deeds, MMG offered to sell the royalty interests to the Company for \$3,300,000 (incl GST) in cash. In accordance with the terms of the relevant Royalty Deeds, the Company elected to exercise its right to acquire the royalty interests. The acquisition delivers 100% encumbered ownership of these tenements to the Company.

Capital Raisings

In September 2018, the Company successfully completed a placement of 10 million shares at an issue price of \$0.36 each to raise a gross amount of \$3,600,000. This was completed in conjunction with a fully underwritten 1 for 8 rights issue to raise a further \$8,736,119 at the same price as the aforementioned placement. Funds from this raising were predominately used to purchase the MMG royalty and undertake drilling to complete a maiden resource at the Company's Wagga Tank – Southern Nights.

In June 2019, the Company completed a \$7,000,000 capital raising by way of placement of 22,580,646 fully paid ordinary shares at an issue price of \$0.31. Funds raised under the Placement will enable the Company to undertake mining scoping studies at the Wagga Tank-Southern Nights deposit and to continue pre-development activities at the Mallee Bull deposit; continue to explore for new mineralisation at Wagga Tank-Southern Nights to build on the maiden resource; continue CSP programmes of work with JV Partner JOGMEC and advance exploration at some of the Company's exciting regional targets.

REVIEW OF OPERATIONS

Executive Director Appointment

Late in the year, the Company advised the appointment of Mr James (Jim) Simpson as Executive Director Mining, effective 9 September 2019. Mr Simpson is a highly respected and experienced Mining Engineer with significant public company board and management experience.

Mr Simpson has more than 30 years mining industry experience, specialising in underground metalliferous mining. His previous roles include Chief Operating Officer & Executive Vice President for Peak Gold Ltd; General Manager & Director at Goldcorp Asia Pacific, Peak Gold Mines; General Manager Mining Lead Zinc at MIM Holdings, Mt Isa and most recently he was Chief Executive Officer and Managing Director at Aurelia Metals Limited. During his time at Aurelia, the company market capitalisation increased from sub \$20m to over \$800m at its peak, along the way repaying more than \$125m of debt and significantly increasing the production profile of the Company with the acquisition of Peak Gold Mines in 2017/18.

Mr Simpson's experience ranges from mine development and management through to corporate and equity market participation. Mr Simpson holds a Bachelor of Engineering Mining (Hons) from University of NSW and a Diploma of Business (Frontline Management) and is a member of the Australasian Institute of Mining and Metallurgy. The appointment of Mr Simpson to the Board reflects the Company's significant exploration success in the Cobar Basin, and the commencement of the transformation from an exploration to a mining development company.

R&D

Subsequent to the year's end the Company received a \$1,523,383 payment under the Research and Development (R&D) Tax Incentive scheme for the 17/18 financial year.

REVIEW OF OPERATIONS

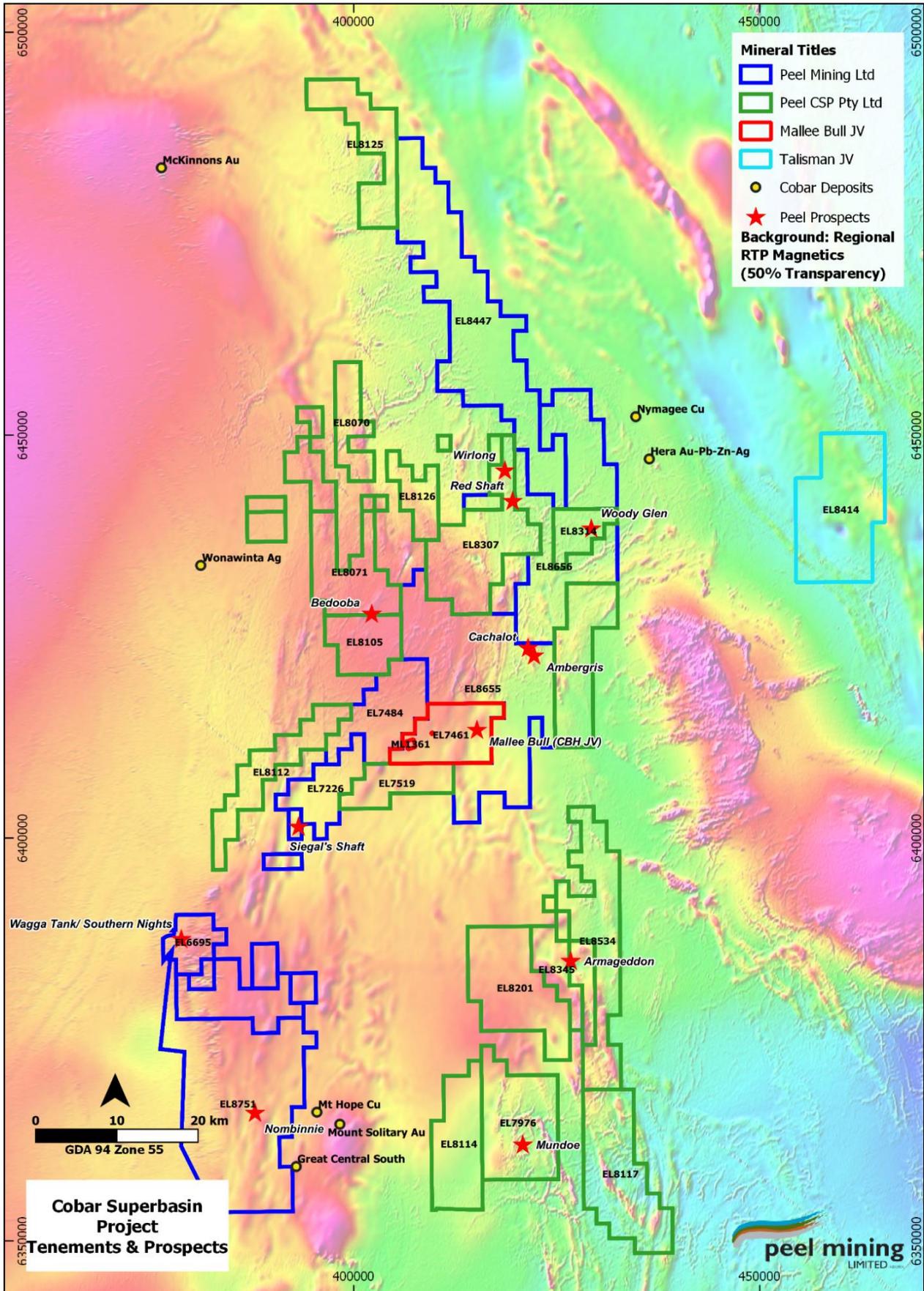


Figure 5: Cobar Tenements and Prospects

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

Subsequent to year end, Peel Mining Limited released a maiden mineral resource estimated for its Wagga Tank Southern Nights Project. 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 Wagga Tank-Southern Nights (post year end) 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 Wagga Tank Southern Nights Mineral Resource Estimate, released subsequent to year end, is reported at a 3.5% ZnEq cut-off.

Mineral Resource Estimate for the Southern Nights Deposit							
Resource Classification	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,106,000	4.5	1.5	69	0.14	0.13	7.2
Total Resource	3,232,000	6.0	2.2	83	0.19	0.24	9.7
Mineral Resource Estimate for the Wagga Tank Deposit							
Resource Classification	Tonnes (t)	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Inferred	532,000	2.4	1.2	31	0.74	0.77	6.6
Total Resource	532,000	2.4	1.2	31	0.74	0.77	6.6
Mineral Resource Estimate for the Southern Nights and Wagga Tank Deposit							
Resource Classification	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,638,000	4.0	1.4	62	0.26	0.26	7.1
Total Resource	3,764,000	5.5	2.1	75	0.27	0.31	9.2

Note: Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding. 1 - Zinc equivalent (ZnEq) has been calculated using assumptions regarding metal sale prices. It is Peel Mining's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. For further detail on the resource please see the ASX announcement "Robust Maiden Resource Confirms Outstanding Mining & Growth Potential at Southern Nights-Wagga Tank" released on 12th July 2019.

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

The tables below set out Mineral Resource estimates for 2019, which are unchanged from 2018.

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

Mineral Resource - as at 30 June 2019							
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 2019				
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.

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

Competent Persons Statements

Wagga Tank Southern Nights Deposits

The information in this announcement and Appendix that relate to data and geological modelling included in Mineral Resource estimates is based on information reviewed by Mr Jason McNamara who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr McNamara is a full time employee of Peel Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr McNamara consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears.

The information in this announcement and Appendix that relates to grade estimation and Mineral Resource estimates is based on information reviewed by Mr Jason McNamara, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr McNamara is a full time employee of Peel Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr McNamara consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears. This release may include aspirational targets. These targets are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Targets are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Peel Mining that could cause actual results to differ materially from such statements. Peel Mining makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

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'.

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

Mr Hutton consented to the inclusion of the matters based on his information in the form and context in which it appears.

Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Mr 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 2019

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%
Mirraboooka	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%
Gromit	EL8872	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%
Thunderdome	EL8877	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 2019 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.

Robert Tyson

Simon Hadfield

Graham Hardie

James Simpson (appointed 9 September 2019)

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>Number of Shares Directly and Indirectly Held</i>	<i>Number of Options</i>
R Tyson	7,245,000	4,000,000
S Hadfield	4,312,564	1,500,000
G Hardie	16,000,890	1,500,000
J Simpson	Nil	2,000,000

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 \$2,870,270 (2018: \$1,672,686).

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 15 in this report.

DIRECTORS' REPORT

Significant changes in the state of affairs

On 24 June 2019, the board of Peel Mining Limited announced the appointment of Mr James (Jim) Simpson as the Executive Director of Mining of the Company effective September 2019. Mr Simpson is highly respected and experienced Mining Engineer with significant board and management experience. Mr Simpson was previously the Chief Executive Officer and Managing Director at Aurelia Metals Limited, Chief Operating Officer & Executive Vice President for Peak Gold Limited; General Manager & Director at Goldcorp Asia Pacific; and General Manager Mining Lead Zinc at MIM Holdings, Mt Isa. Mr Simpson's experience ranges from mine development and management through to corporate and equity market participation.

Contributed equity increased during the financial year by \$19,722,569 through the issue of:

- (i) 10,000,000 new ordinary shares at \$0.36 each as part of a placement to new and existing shareholders.
- (ii) 24,266,996 new ordinary shares at \$0.36 each as part of a rights entitlement offer to new and existing shareholders.
- (iii) 22,580,646 new ordinary shares at \$0.31 each as part of a placement to new and existing professional shareholders.
- (iv) 1,000,000 new ordinary shares issued at \$0.216 cents on the exercise of Simon Hadfield and Graham Hardie's options.
- (v) 850,000 new ordinary shares issued on the exercise of employee share options raising \$170,450.

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

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

Mr James Simpson started his role as the Executive Director of Mining of the Company on 9 September 2019. Upon his commencement, on 9 September 2019, he was issued 2,000,000 options exercisable at \$0.31 of which 1,000,000 vested on 9 September 2019 and 1,000,000 will vest 12 months after commencement.

Post year-end, a Research and Development (R&D) Tax Incentive Scheme refund for \$1,523,383, for the 30 June 2018 tax year was receipted from the ATO. Peel accounts for funds received from the ATO under the R&D Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised.

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. There is an intention as well to pursue exploration decline in Mallee Bull JV. These activities are inherently risky and there are no certainties that the group will successfully achieve its objectives.

DIRECTORS' REPORT

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 4,312,564 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 7,245,000 shares in Peel Mining Limited and 4,000,000 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 16,000,890 shares in Peel Mining Limited and 1,500,000 share options.

James Simpson – *Executive Director Mining*

Appointed 9 September 2019

Mr Simpson is an experienced Mining Engineer with significant board and management experience. Mr Simpson was previously the Chief Executive Officer and Managing Director at Aurelia Metals Limited, Chief Operating Officer & Executive Vice President for Peak Gold Limited; General Manager & Director at Goldcorp Asia Pacific; and General Manager Mining Lead Zinc at MIM Holdings, Mt Isa. Mr Simpson's experience ranges from mine development and management through to corporate and equity market participation. No other directorships were held in the past 3 years.

Mr Simpson holds nil shares in Peel Mining Limited and 2,000,000 share options.

Ryan Woodhouse – *Company Secretary*

Mr Woodhouse has 12 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.

DIRECTORS' REPORT

Meetings of directors

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

<i>Director</i>	<i>Number held whilst in office</i>	<i>Number attended</i>
R Tyson	8	8
S Hadfield	8	8
G Hardie	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.

REMUNERATION REPORT (AUDITED)

Peel Mining Limited listed on 11 May 2007 at \$0.20 per share and the share price at 30 June 2019 was \$0.32 (2018: \$0.47). 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.

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 2019 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 Payment¹</i>	<i>Total</i>	<i>Performance Related</i>
	<i>Cash salary and fees</i>	<i>Superannuation</i>	<i>Long-service leave</i>			
30 June 2019	\$	\$	\$	\$	\$	%
Directors						
R Tyson	238,846	22,691	10,405	279,027	550,969	0%
S Hadfield	50,004	4,750	-	134,457	189,211	0%
G Hardie	50,004	4,750	-	134,457	189,211	0%
Total	338,854	32,191	10,405	547,941	929,391	0%

1. Note Share Based Payment amounts are not cash payments made to directors. The amounts represent the value ascribed by the Black and Scholes valuation method to options granted. Further information about options granted can be found within the annual report.

*Mr Simpson was only a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

	<i>Short-Term Employment Benefits</i>	<i>Post- Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment¹</i>	<i>Total</i>	<i>Performance Related</i>
	<i>Cash salary and fees</i>	<i>Superannuation</i>	<i>Long-service leave</i>			
30 June 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%

1. Note Share Based Payment amounts are not cash payments made to directors. The amounts represent the value ascribed by the Black and Scholes valuation method to options granted. Further information about options granted can be found within the annual report.

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:

Simon 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 Chairman. Mr Hadfield received cash payments and share options totalling \$189,211 (2018: \$218,837) in his role as Chairman of the Company.

REMUNERATION REPORT (AUDITED)

Graham 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 \$189,211 (2018: \$218,837) in his role as a Non-executive Director of the Company.

Robert 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.
- The Managing Director is required to give the Company 3 months' notice of resignation.
- Other than for serious misconduct, the Company is required to give Mr Tyson 3 months' notice of termination, plus 3 months' salary.
- The Managing Director may be invited to participate in the Company's Employee Share Option Plan.

Mr Tyson received cash payments, leave entitlements and share options totalling \$550,969 (2018: \$557,747) in his role as a Managing Director of the Company.

James Simpson (Executive Director Mining)

Mr Simpson commences as the appointed Executive Director Mining on a part time basis on 9 September 2019.

The terms of his contract state:

- Part-time employee commencing 9 September 2019.
- Salary of \$140,000 per annum (plus statutory superannuation) based on 16 hours per week.
- Participation in the Company's Incentive Option Plan.
- Other than for serious misconduct, the Company is required to give Mr Simpson 3 months' notice of termination, plus 3 months' salary.
- Mr Simpson is required to give the Company 3 months' notice of resignation.

Mr Simpson commenced his role on 9 September 2019 and therefore had not received any remuneration during the 30 June 2019 financial year.

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	
	2019	2018	2019	2018	2019	2018
Directors	\$	\$				
R Tyson	268,915	328,174	1,000,000	1,000,000	1,000,000	500,000
S Hadfield	134,457	164,087	500,000	500,000	500,000	500,000
G Hardie	134,457	164,087	500,000	500,000	500,000	500,000

*Mr Simpson was only a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

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-

REMUNERATION REPORT (AUDITED)

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.

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 \$
10 October 2016	10 October 2016 (50%) 10 October 2017 (50%)	10 October 2019	\$0.203	\$0.08
28 November 2016	28 November 2016 (67%) 28 November 2017 (33%)	28 November 2019	\$0.223	\$0.10
15 August 2017	15 August 2017 (50%) 15 August 2018 (50%)	15 August 2020	\$0.260	\$0.11
30 November 2017	30 November 2017 (67%) 30 November 2018 (33%)	30 November 2020	\$0.783	\$0.33
7 December 2018	7 December 2018	7 December 2021	\$0.570	\$0.28
7 December 2018	7 December 2018 (75%) 7 December 2019 (25%)	7 December 2021	\$0.641	\$0.27
9 September 2019	9 September 2019 (50%) 9 September 2020 (50%)	9 September 2021	\$0.31	\$0.22

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

30 June 2019	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	-	-	-	4,000,000	3,500,000	500,000
S Hadfield	1,500,000	500,000	-	(500,000)	-	1,500,000	1,500,000	-
G Hardie	1,500,000	500,000	-	(500,000)	-	1,500,000	1,500,000	-

*Mr Simpson was only a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

REMUNERATION REPORT (AUDITED)

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

30 June 2019	Balance at 1 July 2018	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2019
Directors				
G Hardie	15,422,890	500,000	-	15,922,890
R Tyson	7,080,000	-	165,000	7,245,000
S Hadfield	3,812,564	500,000	-	4,312,564

*Mr Simpson was only a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

(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 2019 were \$57,245 (2018: \$58,055).

During the year the Company participated in conferences organised by RIU Conferences Pty Ltd, to the value of \$27,720 (2018: \$15,840), 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.

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

Amounts recognised as expense	Consolidated 2019 \$	Consolidated 2018 \$
Rent and office management fees	57,245	58,055
Conferences	27,720	15,840
	84,965	73,895

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 2019, 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.

REMUNERATION REPORT (AUDITED)

Voting and comments made at the Company's 2018 Annual General Meeting

Peel Mining Limited received 78% of "yes" votes on its remuneration report for the 2018 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

DIRECTORS' 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
10 October 2016	10 October 2019	0.203	650,000
28 November 2016	28 November 2019	0.223	3,000,000
5 August 2017	15 August 2020	0.260	900,000
30 November 2017	30 November 2020	0.783	2,000,000
7 December 2018	7 December 2021	0.641	2,000,000
7 December 2018	7 December 2021	0.570	1,600,000
9 September 2019	9 September 2021	0.310	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	
	2019 \$	2018 \$	2019 Number	2018 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
17 August 2018	0.19		100,000	
25 September 2018	0.26		100,000	
19 October 2018	0.19		500,000	
22 November 2018	0.216		500,000	
22 November 2018	0.216		500,000	
30 November 2018	0.203		100,000	
28 May 2019	0.203		50,000	
			1,850,000	1,750,000

Indemnification and Insurance of Directors and Officers

During the financial year the Company paid a premium of \$58,706.82 (2018: of \$28,650) 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.

DIRECTORS' REPORT

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 of the board by:



Robert Tyson

Managing Director
Perth, Western Australia
23rd September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated	
		2019 \$	2018 \$
Operator management fee		75,442	110,716
Interest income		77,743	128,158
Other income		-	29,156
Gain on disposal of asset	13	3,490	333,706
Revenue and other income		156,675	601,736
Share-based remuneration to directors & employees	21	(905,335)	(753,776)
Depreciation expense	8	(99,120)	(64,878)
Employee and directors' benefit expenses	14	(693,737)	(461,613)
Exploration expenditure written off	6	-	(673)
Administration expenses	14	(955,697)	(687,333)
Loss attributable to associate	3	(373,056)	(306,149)
Loss before income tax		(2,870,270)	(1,672,686)
Income tax benefit (expense)	15	-	-
Loss from continuing operations after income tax		(2,870,270)	(1,672,686)
Other comprehensive income			-
Total Loss and comprehensive income for the year attributable to the members of Peel Mining Limited		(2,870,270)	(1,672,686)
Basic Loss per share for the year attributable to the members of Peel Mining Ltd	23	(0.014)	(0.009)
Diluted Loss per share for the year attributable to the members of Peel Mining Ltd	23	(0.014)	(0.009)

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

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated	
		2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	5	6,950,662	2,291,570
Trade and other receivables	7	368,616	341,941
Total Current Assets		7,319,278	2,633,511
Non-Current Assets			
Security deposits	7	521,866	485,866
Property	8	840,487	840,487
Plant & equipment	8	459,747	376,975
Investment in Saturn Metals Limited	3	3,320,796	3,693,852
Exploration assets	6	37,128,536	24,585,053
Total Non-Current Assets		42,271,432	29,982,233
Total Assets		49,590,710	32,615,744
Current Liabilities			
Trade and other payables	9	1,024,513	1,110,533
Total Current Liabilities		1,024,513	1,110,533
Non-Current Liabilities			
Deferred Income	10	6,881,670	6,363,688
Total Non-Current Liabilities		6,881,670	6,363,688
Total Liabilities		7,906,183	7,474,221
Net Assets		41,684,527	25,141,523
Equity			
Contributed equity	11	48,774,396	30,266,457
Accumulated losses	12	(10,467,976)	(7,597,706)
Option reserve	12	3,378,107	2,472,772
Total Equity		41,684,527	25,141,523

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

CONSOLIDATED STATEMENT OF EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

		Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
Consolidated					
<i>Balance at 1 July 2017</i>		24,248,580	(5,925,020)	1,718,996	
<i>Loss for the year</i>					
Total comprehensive loss for the year	Note 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
<i>Loss for the year</i>					
Total comprehensive loss for the year	12	-	(1,672,686)	-	(1,672,686)
Balance at 30 June 2018		30,266,457	(7,597,706)	2,472,772	25,141,523
<i>Loss for the year</i>					
Total comprehensive loss for the year	12	-	(2,870,270)	-	(2,870,270)
Issue of share capital	11	19,722,569	-	-	19,722,569
Share issue expenses	11	(1,214,630)	-	-	(1,214,630)
Share based payments	21	-	-	905,335	905,335
Balance at 30 June 2019		48,774,396	(10,467,976)	3,378,107	41,684,527

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 2019

	Note	Consolidated	
		2019 \$	2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,703,902)	(1,386,797)
Research and Development Tax Incentive - Corporate		-	29,156
Management fee income		75,442	272,727
Interest received		78,710	138,879
Net cash outflow from operating activities	16	(1,549,750)	(946,035)
Cash flows from investing activities			
Payments for exploration expenditure		(12,588,015)	(10,063,336)
Transfer to security deposits		(36,000)	(110,000)
Transfer from security deposits		-	40,000
Payments for purchase of plant and equipment		(193,064)	(296,500)
Proceeds from sale of plant and equipment		-	20,000
Research and Development Tax Incentive - E&E Asset		-	777,436
Proceeds as part of E&E asset farm-out		517,982	945,147
Net cash outflow from investing activities		(12,299,097)	(8,687,253)
Cash flows from financing activities			
Proceeds from issue of shares		19,722,569	6,218,600
Transaction costs of issue of shares		(1,214,630)	(200,724)
Investment in share capital		-	(1)
Net cash inflow from financing activities		18,507,939	6,017,875
Net increase/(decrease) in cash and cash equivalents		4,659,092	(3,615,413)
Cash and cash equivalents at the start of year		2,291,570	5,906,983
Cash and cash equivalents at the end of year	5	6,950,662	2,291,570

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 25(b):

Name	Country of Incorporation	Class of Shares	Equity holding 2019 %	Equity holding 2018 %
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	100.00

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 has earned 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 \$517,982 (2018: \$945,147) for exploration on the project and management fees (refer note 13) as part of pro rata funding. JOGMEC have currently earned the right to acquire 50% of the Project after completion of Stages 1 & 2 expenditure. The Company and JOGMEC are currently funding, exploration activities prorata.

These amounts have been included in the Group's Consolidated Statement of Cash Flows and Consolidated Statement of Financial Position (refer note 10), however per the Group's accounting policy (see note 25), 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. In the event JOGMEC does not take up its 50% interest, the full amount of deferred income will be recognised in profit and loss as a gain.

Currently no cash held by Peel Mining Limited is restricted to be used on the Cobar Superbasin Project under the terms of the JOGMEC arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Interests in associate

Peel Mining Limited equity accounts for its sole associate of the group, Saturn Metals Limited, which at 30 June 2019 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	
		2019 %	2018 %			2019 \$	2018 \$	2019 \$	2018 \$
Saturn Metals Ltd	Aus	31.43	35.71	Associate	Equity Method	6,000,000	4,000,000	3,320,796	3,693,852
Total equity accounted investment								3,320,796	3,693,852

	Associate 2019 \$	Associate 2018 \$
Statement of financial position		
Current assets	2,916,109	5,177,118
Total assets	11,202,308	10,365,284
Current liabilities	(572,957)	(315,379)
Total liabilities	(572,957)	(315,379)
Net assets	10,629,351	10,049,905
Equity		
Issued capital	12,132,001	10,631,001
Accumulated losses	(2,044,439)	(857,320)
Option reserve	541,789	276,224
Total equity	10,629,351	10,049,905
Statement of profit or loss and other comprehensive income		
Interest Revenue	80,126	27,334
Comprehensive loss for the year	(1,267,245)	(884,654)
Total comprehensive loss for the year	(1,187,119)	(857,320)
Reconciliation to carrying amounts:		
Opening balance	3,693,852	1
Asset acquired during the year	-	4,000,000
Loss for the period at 31.43% (2018: 35.71%)	(373,056)	(306,149)
Closing carrying value	3,320,796	3,693,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. 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.

	2019 \$ Peel	2019 \$ CSP	2019 \$ Mallee Bull	2019 Total
Revenue from external sources	75,442	-	-	75,442
Reportable segment profit/(loss)	75,442	-	-	75,442
Segment assets	27,725,027	8,060,810	5,963,729	41,749,566
Segment liabilities	-	(6,881,670)	-	(6,881,670)

	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)

Reconciliation of reportable segment (loss)

	Consolidated 2019 \$	Consolidated 2018 \$
Reportable segment profit/ (loss)	75,442	110,043
Interest & Other income	81,233	491,020
Unallocated expenses	(2,653,889)	(1,967,600)
Associate loss	(373,056)	(306,149)
Profit/(loss) before tax	(2,870,270)	(1,672,686)

Reconciliation of reportable net assets

Reportable segment assets	41,749,566	25,802,516
Reportable segment liabilities	(6,881,670)	(6,363,688)
Cash	6,950,662	2,291,570
Unallocated Assets	890,483	4,521,658
Unallocated liabilities	(1,024,514)	(1,110,533)
Total Net Assets	41,684,527	25,141,523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Cash & cash equivalents

	Consolidated 2019	Consolidated 2018
	\$	\$
Cash at bank and in hand	950,662	1,291,570
Term deposits with financial institutions	6,000,000	1,000,000
	6,950,662	2,291,570

Refer to Note 17 for the policy on financial risk management

6. 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.

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 nil exploration expenditure being written off during the year (2018: \$673).

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 2019	Consolidated 2018
	\$	\$
At cost	37,128,536	24,585,053
Reconciliation		
Opening balance	24,585,053	15,389,576
Exploration expenditure	12,543,483	9,973,586
Impairment Expense	-	(673)
Research and development tax incentive grant	-	(777,436)
Closing balance	37,128,536	24,585,053

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Other current receivables and prepayments were previously presented together with trade receivables but are now presented as other financial assets at amortised cost (receivables) and other current assets (prepayments) in the balance sheet, to reflect their different nature.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the Company performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

The Company has applied the new rules retrospectively from 1 July 2018, and no material provision for credit losses was required to be recognised in the current period ending 30 June 2019.

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.

	Consolidated 2019 \$	Consolidated 2018 \$
Receivables (Current)		
Receivable from JV Partner	-	137,499
Trade and other receivables	39,624	40,251
Provision for doubtful debt	-	(137,499)
GST recoverable from taxation authority	278,072	259,876
Accrued income	1,631	2,598
Prepayments	49,289	39,216
	368,616	341,941
Refer to Note 17 for the policy on financial risk management		
Receivables (Non-current)		
Security deposits in relation to exploration tenements	521,866	485,866
	521,866	485,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. 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.

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 2019 (2018: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Consolidated 2019 \$	Consolidated 2018 \$
<i>Property</i>		
Freehold land (at cost)	840,487	840,487
<i>Plant and equipment</i>		
Depreciating plant and equipment	865,454	778,029
Less accumulated depreciation	(405,706)	(401,054)
	459,748	376,975
Total property, plant and equipment	1,300,235	1,217,462
Reconciliation		
Carrying amount at beginning of year	1,217,462	1,024,892
Additions	193,065	275,964
Depreciation expense	(99,120)	(64,878)
Disposals	(11,172)	(18,516)
Closing balance	1,300,235	1,217,462

9. 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 2019 \$	Consolidated 2018 \$
Trade payables	563,563	635,529
Accrued expenses & other payables	460,950	475,004
	1,024,513	1,110,533

10. 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 JOGMEC (above), refer note 2, except the Management Fee of 10% on all expenditure, refer note 13, which is accrued as cash calls are received.

	Consolidated 2019 \$	Consolidated 2018 \$
Funds from farm-out of asset to JOGMEC	6,881,670	6,363,688
Total Deferred Income	6,881,670	6,363,688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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			
	2019		2018	
	Number of Shares	\$	Number of Shares	\$
Authorised and issued, ordinary shares fully paid	242,733,611	48,774,396	184,035,969	30,266,457

(b) Movements in ordinary share capital

Opening balance, 1 July	184,035,969	30,266,457	167,285,969	24,248,580
Shares issued as a result of exercise of options	1,850,000	386,450	1,750,000	218,600
Shares issued as a result of share placements	32,580,646	10,600,000	15,000,000	6,000,000
Shares issued as a result of rights entitlement	24,266,996	8,736,119		
Transaction costs on share issues	-	(1,214,630)	-	(200,723)
Closing balance, 30 June	242,733,611	48,774,396	184,035,969	30,266,457

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Reserves and accumulated losses

	Consolidated 2019 \$	Consolidated 2018 \$
<i>(i) Accumulated losses</i>		
Opening balance	(7,597,706)	(5,925,020)
Loss for the year	(2,497,214)	(1,366,537)
Loss attributable to associate	(373,056)	(306,149)
Closing balance	(10,467,976)	(7,597,706)
 <i>(ii) Option reserve</i>		
Opening balance	2,472,772	1,718,996
Option expenses (employee/director options)	905,335	753,776
Closing balance	3,378,107	2,472,772

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.

Share options and reserve movements

	2019		2018	
	Number	\$	Number	\$
Opening balance	8,400,000	2,472,772	7,100,000	1,718,996
Issued to directors, employees and contractors	3,600,000	905,335	3,050,000	753,776
Lapsed	-	-	-	-
Exercised	(1,850,000)	-	(1,750,000)	-
Closing balance	10,150,000	3,378,107	8,400,000	2,472,772
Exercisable at \$0.190 each on or before 19 October 2018	-	-	600,000	-
Exercisable at \$0.216 each on or before 7 December 2018	-	-	1,000,000	-
Exercisable at \$0.203 each on or before 10 October 2019	650,000	-	800,000	-
Exercisable at \$0.223 each on or before 28 November 2019	3,000,000	-	3,000,000	-
Exercisable at \$0.260 each on or before 15 August 2020	900,000	-	1,000,000	-
Exercisable at \$0.783 each on or before 30 November 2020	2,000,000	-	2,000,000	-
Exercisable at \$0.641 each on or before 7 December 2021	2,000,000	-	-	-
Exercisable at \$0.570 each on or before 7 December 2021	1,600,000	-	-	-
	10,150,000	-	8,400,000	-

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Other Revenue & 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. This revenue falls under the adoption of AASB 15 effective 1 July 2018 as it is identified to be a single performance obligation and separately identifiable from the deferred income (refer note 10). Management has assessed the impact and disclosures required and determined nil impact to the financial statements, refer note 25.

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.

Recognition of 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.

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

	Consolidated 2019	Consolidated 2018
	\$	\$
Gain or of disposal of assets (Exploration & Evaluation)*	-	332,221
Gain on disposal of assets (De-recognition of subsidiaries)	14,662	-
Gain or (Loss) of disposal of assets (Property, Plant & Equipment)	(11,172)	1,485
	3,490	333,706

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

14. Expenses

	Consolidated 2019	Consolidated 2018
	\$	\$
Loss before income taxes includes the following specific expenses:		
Employees and director's benefit expenses		
Employee costs	437,779	255,968
Directors fees	100,008	100,263
Superannuation and oncosts	155,950	105,382
	693,737	461,613
Administration expenses		
Corporate	791,551	516,114
Consultants	164,146	171,219
	955,697	687,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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.

The Group has total carried forward tax losses arising in Australia of \$35,624,358 (2018: \$21,138,327) 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 \$1,056,528 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.

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 2019	Consolidated 2018
	\$	\$
Net cash outflow from operating activities	(1,549,750)	(946,035)
Adjustments for		
Share-based payments	(905,335)	(753,776)
Depreciation	(99,120)	(64,878)
Exploration expenditure written off	-	(673)
Gain on disposal of asset	3,490	330,765
Loss of associate	(373,056)	(306,149)
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(34,102)	130,789
Increase / (decrease) in payables	87,603	(62,729)
Loss after income tax	(2,870,270)	(1,672,686)

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

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. 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.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Prepayments do not meet the definition of financial assets.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Risk management

The Company limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings.

The Company operates in the mining exploration sector and does not have trade receivables from customers.

Impairment losses

At 30 June 2019 no further impairment has been recognised by the Group on a receivable from its joint venture partner. This impairment in prior years was in relation to expenses paid for by the Company on 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 2019		
Trade and other payables	9	1,024,513
30 June 2018		
Trade and other payables	9	1,110,533

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 rate instruments	Variable Average Interest Rate	Consolidated Carrying Amount	
		2019	2018
		\$	\$
Short term cash deposits	1.65%	6,000,000	1,000,000
Security deposits	0.47%	521,866	485,866

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

At 30 June 2019 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 \$69,507 lower/higher (2018: \$14,858 lower/higher).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair values

The carrying values of all financial assets and financial liabilities, as disclosed in the Consolidated Statement of Financial Position, are the same as their fair values, due to their short-term nature.

18. Contingencies & Commitments

The Group had no contingent assets or liabilities as at 30 June 2019 (2018: \$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 2019.

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 \$141,080 (2018: \$133,720).

19. Events after the reporting period

Mr James Simpson started his role as the Executive Director of Mining of the Company on 9 September 2019. Upon his commencement, he was issued 2,000,000 options exercisable at \$0.31.

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.

Post year end, an application for June 2018 tax refund was approved. The refund amounted to \$1,523,383 and an interest component of \$4,551.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Related parties

(a) Compensation of key management personnel

	Consolidated 2019	Consolidated 2018
	\$	\$
Short-term employee benefits	338,854	330,000
Post-employment benefits	32,191	32,506
Long-term benefits	10,406	3,830
Share-based payments	547,941	629,085
	929,392	995,421

(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 2019 were \$57,245 (2018: \$58,055).

During the year the Company participated in conferences, to the value of \$27,720 (2018: \$15,840) 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 2019	Consolidated 2018
	\$	\$
Rent and office management fees	57,245	58,055
Conferences	27,720	15,840
	84,965	73,895

(c) Transaction with Saturn Metals Limited

Peel Mining Limited (PEX) holds 31.43% of Saturn Metals Limited (2018: 35.71%). Saturn Metals Limited engaged Peel Mining Limited in a non-exclusive basis to perform and provide administrative services and facilities through a service agreement.

	Consolidated 2019	Consolidated 2018
	\$	\$
Sale of Apollo Hill Gold Project	-	4,000,000
Proceeds from management services provided to associate	153,238	448,552

Outstanding balances arising from sale of services with related parties

	Consolidated 2019	Consolidated 2018
	\$	\$
Saturn Metals Limited	11,183	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			
	2019	2019	2018	2018
	Number	\$	Number	\$
Options granted to employees	1,600,000	357,394	1,050,000	124,691

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 employee option granted during the 30 June 2019 financial year, is convertible into one ordinary share at an exercise price of 57 cents.

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

30 June 2019

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
7 Dec 18	7 Dec 21	0.570	-	1,600,000	-	-	1,600,000	800,000
15 Aug 17	15 Aug 20	0.260	1,000,000	-	(100,000)	-	900,000	900,000
10 Oct 16	10 Oct'19	0.203	800,000	-	(150,000)	-	650,000	650,000
19 Oct 15	19 Oct'18	0.190	600,000	-	(600,000)	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	0.260	-	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	0.190	1,100,000	-	(500,000)	-	600,000	600,000

Fair value of options granted

The assessed fair value at grant date of options granted to employees during the period ended 30 June 2019 was \$0.28 per option (2018: \$0.11).

The model inputs for options granted during the years ended 30 June 2019 and 30 June 2018 included:

	Employee Options	
	2019	2018
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	\$0.57	\$0.26
Grant Date	7 Dec 2018	15 August 2017
Expiry Date	7 Dec 2021	15 August 2020
Share Price at Grant Date	\$0.48	\$0.20
Expected price volatility	100%	100%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.93%	1.92%

(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			
	2019 Number	2019 \$	2018 Number	2018 \$
Options granted to directors	2,000,000	547,941	2,000,000	629,085

Set out below are summaries of directors granted.

30 June 2019

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
7 Dec 18	7 Dec 21	0.641	-	2,000,000	-	-	2,000,000	1,500,000
30 Nov 17	30 Nov 20	0.783	2,000,000	-	-	-	2,000,000	2,000,000
28 Nov 16	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)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 17	30 Nov 20	0.783	-	2,000,000	-	-	2,000,000	1,500,000
28 Nov 16	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	0.070	1,000,000	-	-	(1,000,000)	-	-

Fair value of options granted

The assessed fair value at grant date of options granted to directors during the period ended 30 June 2019 was \$0.27 per option (2018: \$0.33).

The model inputs for options granted during the years ended 30 June 2019 and 2018 included:

	2019	2018
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 7 Nov 19	1,500,000 vest immediately 500,000 vest 30 Nov 18
Exercise Price	\$0.641	\$0.783
Grant Date	7 December 2018	30 November 2017
Expiry Date	7 December 2021	30 November 2020
Share Price at Grant Date	\$0.475	\$0.580
Expected Price Volatility	100%	100%
Expected Dividend Yield	0.00%	0.00%
Risk-free interest rate	1.93%	1.88%

(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 \$0.47 (2018: \$0.36).

The weighted average fair value of options is \$0.21 (2018: \$0.15).

The weighted average remaining contractual life is 1.39 years (2018: 1.53 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Remuneration of auditors

	Consolidated 2019 \$	Consolidated 2018 \$
Amounts paid or due and payable to PricewaterhouseCoopers Audit and review of financial reports	52,100	52,911
	52,100	52,911
Taxation services	9,000	22,440
Indirect taxation services	-	58,661
Total	9,000	81,101

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	
	2019	2018
Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.014)	(0.009)
Diluted earnings/(loss) per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.014)	(0.009)
Reconciliation of loss used in calculation of loss per share		
Loss used in calculating basic loss per share	(2,870,270)	(1,672,686)

	Consolidated	
	Number of Shares 2019	Number of Shares 2018
Weighted average number of shares used as the denominator		
Weighted average number of shares used in calculating basic loss per share	212,232,696	177,513,640

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Parent entity information

	Parent entity	
	2019	2018
	\$	\$
Statement of financial position		
Current assets	7,084,805	2,755,596
Total assets	42,569,890	26,286,351
Current liabilities	(885,364)	(1,141,876)
Total liabilities	(885,364)	(1,144,826)
Net assets	41,684,526	25,141,525
Equity		
Issued capital	48,731,233	30,223,294
Share option reserve	3,378,107	2,472,773
Accumulated losses	(10,424,814)	(7,554,542)
Total equity	41,684,526	25,141,525
Statement of profit or loss and other comprehensive income		
Interest Revenue	77,743	128,157
Other income	78,932	1,321,663
Comprehensive loss for the year	(3,026,946)	(2,273,749)
Total comprehensive loss for the year	(2,870,271)	(823,929)

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

The Group had impaired values held by subsidiaries Apollo Hill Limited and Peel Environment Limited as these companies are now being held dormant.

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

25. 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 2019 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.

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 amendments

Certain new accounting standards and interpretations have been published that are mandatory for the 30 June 2019 reporting period. The company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

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 whilst introducing a new impairment model. These latest amendments now complete the financial instruments standard.

Management completed a detailed assessment of its financial assets as at 1 July 2018. Most of the requirements in AASB 139 for classification and measurement of the group's financial assets were carried forward in AASB 9. Hence, the Company's accounting policy for financial assets did not change except for the application of new impairment rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In determining the recoverability of a trade or other receivable using the expected credit loss model, the group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

The group has applied the new rules retrospectively from 1 July 2018, and no material provision for credit losses was required to be recognised in the current period ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

The AASB issued a new standard for the recognition of revenue. This replaces AASB 118 which covers contracts for goods and services and AASB111 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.

The Company has adopted AASB 15 from 1 July 2018. Management has assessed the impact of the new standard, and its application to the Company's financial statements, and determined there is nil effect to the Company.

(i) New accounting standards and interpretations not yet adopted

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and for the lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, rights-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, while the lease liability is reduced by an allocation of each lease payment. In the earlier periods of the lease, the expense associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Company has reviewed its contracts that were in place at 1 July 2019 or have been entered into since and determined that there are no leases other than short-term leases which are exempt from the requirements of AASB 16. As a result, no impact on the current or prior reporting periods is expected upon adoption of AASB 16.

There are no other standards that are yet effective and that would be expected to have a material impact on the entity in its current or future reporting periods and on any foreseeable future transactions.

(j) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

DIRECTORS' DECLARATION

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:



Robert Tyson

Managing Director

Perth, Western Australia
23rd September 2019



Auditor's Independence Declaration

As lead auditor for the audit of Peel Mining Limited for the year ended 30 June 2019, 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
23 September 2019



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 Group) 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 2019 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 2019
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income 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 (including Independence Standards)* (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

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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 \$500,000 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 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.

<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 financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business.</p> <p>The Group is in the exploration and evaluation phase and generates a small amount of management fee income from its JOGMEC arrangement. It relies on funding from its shareholders or other sources to continue as a going concern. These funds are used to meet expenditure requirements 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 basis of preparation for the Group's financial report was a key audit matter due to its importance to the financial report and the 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 as a result of 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 that 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.• 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.



Carrying value of exploration and evaluation assets
(Refer to note 6)

As at 30 June 2019, the Group had capitalised exploration and evaluation assets of \$37,128,536 relating to mining, exploration and prospecting licenses across New South Wales.

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.

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.

We performed the following procedures, amongst others:

- 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 2019, 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 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 on the other information that we obtained prior to the date of this auditor's report, 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 Group 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 25 to 30 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Peel Mining Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group 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
23 September 2019

ADDITIONAL ASX INFORMATION

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.

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;

ADDITIONAL ASX INFORMATION

- 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, Marketing
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.

ADDITIONAL ASX INFORMATION

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.

ADDITIONAL ASX INFORMATION

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.

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	9 out of 25 (36%)
Executive Management Team	0 out of 2 (0%)
Board	0 out of 4 (0%)

ADDITIONAL ASX INFORMATION

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:

- a) 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;
- b) monitoring compliance of the accounting records and procedures in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, ASX and Australian Taxation Office;
- c) 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;
- d) 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

ADDITIONAL ASX INFORMATION

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:

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 ASX INFORMATION

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 2019 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.

ADDITIONAL ASX INFORMATION

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.

ADDITIONAL ASX INFORMATION

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 <http://www.peelmining.com.au>.

SHAREHOLDER INFORMATION

Information relating to shareholders at 20 September 2019

Distribution of shareholders

Range	Number of Holders	Number of Ordinary Shares	%
1 - 1,000	80	27,235	0.01
1,001 - 5,000	246	721,443	0.30
5,001 - 10,000	183	1,501,331	0.62
10,001 - 100,000	660	26,134,712	10.77
100,001 – 999,999,999	222	214,348,890	88.31
Total	1,391	242,733,611	100.00

Twenty largest shareholders

	Number of Ordinary Shares	%
1. ST BARBARA LTD	39,093,750	16.11
2. POINT NOMINEES PTY LTD	15,422,890	6.35
3. PERTH CAPITAL PTY LTD	13,608,814	5.61
4. ARIKI INVESTMENTS PTY LIMITED	11,692,884	4.82
5. HAMPTON HILL MINING NL	10,350,000	4.26
6. WINCHESTER INVESTMENTS GROUP PTY LIMITED	8,500,000	3.50
7. BELGRAVIA STRATEGIC EQUITIES PTY LTD	6,791,594	2.80
8. PERTH CAPITAL PTY LTD	5,920,000	2.44
9. CITICORP NOMINEES PTY LIMITED	3,897,547	1.61
10. BNP PARIBAS NOMS PTY LTD	3,841,942	1.58
11. JAYLEAF HOLDINGS PTY LTD	3,682,928	1.52
12. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,340,914	1.38
13. WYTHENSHAW PTY LTD	3,110,000	1.28
14. MR ROBERT MACLAINE TYSON	2,877,625	1.19
15. ARIKI INVESTMENTS PTY LIMITED	2,585,053	1.06
16. DENKEY PTY LTD	2,520,202	1.04
17. MR SIMON HADFIELD & MRS FIONA HADFIELD	2,195,560	0.90
18. MR JONATHON TYSON & MR CHRIS TYSON & MR ROBERT TYSON	2,070,000	0.85
19. MR ANDREW LENOX HEWITT	2,053,750	0.85
20. WARRAMBOO HOLDINGS PTY LTD	2,000,000	0.82
	147,555,453	60.79

SHAREHOLDER INFORMATION

<i>Substantial shareholders</i>		Number of Ordinary Shares	%
1.	St Barbara Limited	39,093,750	16.10%
2.	Hampton Hill Mining NL and Associates	36,438,814	15.01%
3.	William Hodeson and Associated Companies	17,246,548	7.10%
4.	Point Nominees Pty Ltd and Associates	16,000,890	6.59%

SHAREHOLDER INFORMATION

At the prevailing market price of \$0.28 per share there were 126 shareholders with less than a marketable parcel of shares at 20 September 2019.

At 20 September 2019 there were 1,391 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 12,150,000 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)"