
PEEL MINING LIMITED
ABN 42 119 343 734



HALF-YEAR CONSOLIDATED FINANCIAL REPORT

31 DECEMBER 2018

PEEL MINING LIMITED

ABN 42 119 343 734

Corporate Directory

Directors

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

Company Secretary

Ryan Woodhouse

Registered Office

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Share Registry

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Facsimile +61 2 9287 0303

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Auditors

PricewaterhouseCoopers
Level 15, Brookfield Place 125 St Georges
Terrace PERTH WA 6000

Home Exchange

Australian Securities Exchange ('ASX')
code: PEX

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DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Peel Mining Limited ("the Company") and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons held office as directors throughout the entire financial period and up to the date of this report, unless otherwise indicated:

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

Company Secretary

Ryan Woodhouse

Results

The loss of the Group for the half-year ended 31 December 2018 amounted to \$1,852,191 (2017: \$1,144,946).

Review of Operations

The principal continuing activity of the Group is the acquisition of mineral tenements, mineral exploration and investment. During the half-year Peel Mining Limited continued to explore its tenements in New South Wales.

EXPLORATION

Wagga Tank-Southern Nights Project: Copper, Silver, Gold, Lead, Zinc; Western NSW (PEX 100%).

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

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

The bulk of RC and diamond drilling undertaken since the start of the financial year has been at the main Southern Nights area with drilling designed to target the contact between the Wagga Tank and Vivigani stratigraphic units. The drilling has been focus around a central high grade zone which Peel is targeting with close spaced infill and extensional drilling to define a mineral resource at Southern Nights.

The drilling at Southern Nights Central Zone has yielded stunning zinc-lead-silver-gold-copper massive sulphide intercepts with drillhole 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**, the highest-grade zinc-rich intercept that Peel has reported since its inception. Drillhole 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**. Drillhole 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. The copper-gold mineralisation intersected in WTRCDD157 is the most significant copper-gold intercept returned to date at Wagga Tank-Southern Nights. The intercepts returned from WTRCDD150, WTRCDD153 and WTRCDD157, when

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coupled with adjacent intercepts highlights the presence of an important zone of very high-grade mineralisation. The true widths of mineralisation encountered in drillholes are estimated at about 70-80% of the downhole widths.

Infill and extensional resource drilling will continue at Wagga Tank-Southern Nights to further define the geometry and scale of the high-grade mineralisation in anticipation of the commencement of a scoping study. Further drilling is planned for the Wagga Tank-Southern Nights mineralised trend as part of the resource definition programme.

Mallee Bull Project: Copper, Silver, Gold, Lead, Zinc; Western NSW (PEX 50% and Manager, CBH 50%).

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

During the half year, finalisation of studies into the conceptual development of Mallee Bull as a "dig and truck" operation were completed. The concept would see ore mined at Mallee Bull, milled at CBH's Endeavor Mine, approximately 150km away, where surplus milling capacity exists.

This work included remodelling of the upper parts (from surface to ~300m below surface) of the Mallee Bull mineral resource, mineable shape optimisation of the mineral resources, mine and infrastructure design, geotechnical engineering, additional flora and fauna investigations, and completion of the financial modelling of several development concepts. Field activities completed during the half focused on engineering and geotechnical studies.

In December, the financial models for the development concepts were delivered to Peel's joint venture partner CBH Resources for review and consideration. At the time of reporting, Peel is awaiting a response from CBH.

Cobar Superbasin Project: Copper, Silver, Gold, Lead, Zinc; Western NSW (PEX 100%).

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

The Cobar Superbasin Project is subject to a Memorandum of Agreement with Japan Oil, Gas, and Metals National Corporation (JOGMEC). Details of the JOGMEC MoA can be found in Peel's ASX Announcement released on 30 September 2014. Exploration activities undertaken during the first half of 2018/2019 predominantly focused on the Wirlong and Bedooba prospects.

The Wirlong prospect represents a very large hydrothermal system containing significant high-grade copper mineralisation. Two RC drill holes targeting significant surface geochemical anomalies, south of drilling completed to date, were completed, however both were terminated early due to excessive deviation from design. Post half year end, these holes were redrilled with diamond tails, with assay results pending at the time of reporting.

The Bedooba prospect is defined by a NE/SW trending magnetic anomaly with a coincident gravity high and geochemical anomaly. Four percussion drill holes were completed during the December quarter to follow up on significant multi- element geochemical anomalies, associated with magnetic and gravity geophysical anomalies. These drill holes intersected minor base and precious metals mineralisation confirming the potential of the prospect. Encouragingly, a DHEM survey was conducted post year end, on a historic hole completed by OZ Minerals, and a strong offhole conductor coincident with the magnetic anomaly was detected. The modelled "plate" has dimensions of ~80m strike by ~350m plunge, commencing ~150m below surface and measuring 800 siemens conductivity thickness. Follow-up drilling comprising of 2 deep RC drillholes were completed and assays are pending.

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Significant Corporate changes

During the half year, the Company successfully completed an oversubscribed placement of 10 million shares at an issue price of \$0.36 each to raise a gross amount of \$3,600,000. The placement was strongly supported with St Barbara Ltd subscribing for 5,000,000 shares in the placement and the balance placed to institutional and sophisticated investors. This was in conjunction with a fully underwritten non-renounceable entitlement offer (as announced on 7 September 2018). The entitlement issue offered eligible shareholders the ability to subscribe for 1 New Share for every 8 Shares held, at an issue price of \$0.36 per Share, raising \$8,736,119. 14,193,183 new shares applied for as entitlement were allotted on 9 October 2018, with the shortfall of 10,073,813 allocated to the Underwriter, which was settled by DvP Settlement on 10 October 2018.

The capital raising is to fully fund Peel to deliver a maiden JORC Resources at Wagga Tank, advance Mallee Bull towards production and \$3,300,000 was put towards the acquisition of the 2% NSR royalty over the various tenements acquired from MMG (including Wagga Tank). MMG had received an offer for the royalty, on the 10th August, from a TSX listed royalty streaming business to purchase NSR. However, Peel elected to exercise its first right of refusal to secure 100% unencumbered ownership of the tenure.

Further information on Peel's activities during the half year financial period can be found in the quarterly activity reports.

Shares under options

Shares under option granted to key management personnel at the time of this report were as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
10 October 2016	800,000 Employee & Contractor Options 10 October 2016 (50%) 10 October 2017 (50%)	10 October 2019	20.3 cents	8.0 cents
28 November 2016	3,000,000 Director Options 28 November 2016 (67%) 28 November 2017 (33%)	28 November 2019	22.3 cents	10.0 cents
15 August 2017	800,000 Employee & Contractor Options 15 August 2017 (50%) 15 August 2018 (50%)	15 August 2020	26.0 cents	11.0 cents
30 November 2017	3,000,000 Director Options 30 November 2017 (67%) 30 November 2018 (33%)	30 November 2020	78.3 cents	33.0 cents
7 December 2018	2,000,000 Director Options 7 December 2018 (75%) 7 December 2019 (25%)	7 December 2021	64.1 cents	27.0 cents
7 December 2018	1,600,000 Employee Options 7 December 2018 (50%) 7 December 2019 (50%)	7 December 2021	57.0 cents	28.0 cents

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

Events occurring after reporting period

The Company had no additional events occurring after the reporting period to disclose.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

Signed in accordance with a resolution of the directors and on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'R. Tyson', with a horizontal flourish extending to the right.

R. Tyson

Managing Director
Perth, Western Australia
26 February 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the half-year ended 31 December 2018

	Consolidated Entity	
	31-Dec 2018	31-Dec 2017
Note	\$	\$
Income from continuing operations	17,852	120,189
Other income	8,193	1,485
Depreciation	(41,361)	(26,451)
Employee and directors' benefit expenses	(401,763)	(294,637)
Share based payment expense	(727,580)	(642,811)
Administration expenses	(512,127)	(302,720)
Loss attributable to associate	10 (195,405)	-
Loss before income tax expense	(1,852,191)	(1,144,946)
Income tax expense	-	-
Loss after tax from continuing operations	(1,852,191)	(1,144,946)
Total comprehensive loss for the period attributable to the members of Peel Mining Limited	(1,852,191)	(1,144,946)
	Cents	Cents
Basic loss per share	(0.92)	(0.67)
Diluted loss per share	(0.92)	(0.67)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	Consolidated Entity	
		31-Dec 2018 \$	30-Jun 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		6,444,770	2,291,570
Trade and other receivables		625,272	341,941
TOTAL CURRENT ASSETS		7,070,042	2,633,511
NON-CURRENT ASSETS			
Security deposits		501,866	485,866
Property		894,842	840,487
Plant & equipment		407,779	376,975
Investment in Saturn Metals Limited	10	3,498,447	3,693,852
Exploration expenditure	5	31,375,354	24,585,053
TOTAL NON-CURRENT ASSETS		36,678,288	29,982,233
TOTAL ASSETS		43,748,330	32,615,744
CURRENT LIABILITIES			
Trade and other payables		1,302,358	1,110,533
TOTAL CURRENT LIABILITIES		1,302,358	1,110,533
NON-CURRENT LIABILITIES			
Deferred Income	2	6,508,688	6,363,688
TOTAL NON-CURRENT LIABILITIES		6,508,688	6,363,688
TOTAL LIABILITIES		7,811,046	7,474,221
NET ASSETS		35,937,284	25,141,523
EQUITY			
Issued capital	4	42,186,829	30,266,457
Accumulated losses		(9,449,897)	(7,597,706)
Reserves		3,200,352	2,472,772
TOTAL EQUITY		35,937,284	25,141,523

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2018

	Attributable to equity holders of the company			
	Contributed	Accumulated	Other	Total
	Equity	Losses	Reserves	Equity
	\$	\$	\$	\$
At 1 July 2018	30,266,457	(7,597,706)	2,472,772	25,141,523
Total comprehensive loss for the half-year		(1,852,191)		(1,852,191)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of new shares	12,336,119			12,336,119
Exercise of options	356,000			356,000
Issue of options			727,580	727,580
Share issue costs	(771,747)			(771,747)
At 31 December 2018	42,186,829	(9,449,897)	3,200,352	35,937,284
At 1 July 2017	24,248,580	(5,925,020)	1,718,996	20,042,556
Total comprehensive loss for the half-year		(1,144,946)		(1,144,946)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	6,180,600			6,180,600
Issue of options			642,811	642,811
Share issue costs	(198,886)			(198,886)
At 31 December 2017	30,230,294	(7,069,966)	2,361,807	25,522,135

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

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CONSOLIDATED STATEMENT OF CASH FLOWS for the half-year to 31 December 2018

	Consolidated Entity	
	31-Dec 2018	31-Dec 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,168,405)	(871,195)
Net cash outflow from operating activities	<u>(1,168,405)</u>	<u>(871,195)</u>
Cash flows from investing activities		
Interest received	17,852	64,681
Payments for mineral exploration	(6,627,293)	(3,014,887)
Payment of security deposits	(16,000)	(50,000)
Payments for purchase of property, plant and equipment	(126,854)	(155,496)
Proceeds from sale of property, plant and equipment	-	20,000
Proceeds received under farm-out agreement	153,528	610,584
Net cash outflow from investing activities	<u>(6,598,767)</u>	<u>(2,525,118)</u>
Cash flows from financing activities		
Proceeds from issue of shares and options	12,692,119	6,180,600
Share issue costs	(771,747)	(198,886)
Net cash inflow from financing activities	<u>11,920,372</u>	<u>5,981,714</u>
Net increase/(decrease) in cash and cash equivalents	4,153,200	2,585,401
Cash and cash equivalents at the start of the half-year	<u>2,291,570</u>	<u>5,906,983</u>
Cash and cash equivalents at the end of the half-year	<u>6,444,770</u>	<u>8,492,384</u>

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation of Half-Year Financial Statements

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statement. Accordingly, this interim financial statement is to be read in conjunction with the annual financial statement for the year ended 30 June 2018 and any public announcements made by Peel Mining Limited during the interim reporting period in accordance with continuous disclosure requirements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Company.

There were two new significant accounting standards or amendments adopted by the Company for the period commencing 1 July 2018.

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 and also introduced a new impairment model. These latest amendments now complete the financial instruments standard.

The application of the standard does not have an impact on the Company's accounting for financial assets and liabilities during the period.

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and 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. Management has assessed the impact of the new standard, its application to the Company's financial statements had an immaterial effect on the Company.

(b) Impact of standards issued but not yet adopted by the entity

AASB 16 Leases – (Effective date 1 July 2019)

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

The accounting for lessors will not significantly change.

Management has considered significant contracts, such as those for drilling, and believes the Company does not hold any contracts that constitute leases under the standard. The Company has entered into a

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lease for the rental of office space, however this is considered short term and therefore the implementation of the standard will have no impact at the current time.

At this stage the Company does not intend to adopt any of the above standards before its effective date. There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

At the current stage, the Group is funded entirely by equity and generates minimal revenue. The Group has a number of options available to obtain additional funding to develop its exploration assets, which could include raising additional funds through equity raisings or placements, entering into joint venture or other partnership arrangements for certain of its assets or taking on debt. Additionally, the Group maintains capacity to control discretionary expenditure should this be required. The directors believe that the Group will be successful in the above matters and accordingly have prepared the financial report on a going concern basis.

2. CSP Farm-in by Japanese Oil, Gas & Metals National Corporation (JOGMEC)

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, except the Management Fee of 10% on all expenditure, which is accrued as cash calls received. JOGMEC has now completed its earn in and in the interim, prior to the exercise of its options, both companies are contributing to the project on a 50/50 pro-rata basis.

	31 December 2018	30 June 2018
	\$	\$
Funds from farm-out of asset to JOGMEC	6,508,688	6,363,688
Total Deferred Income	6,508,688	6,363,688

3. Segment Information

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. Decisions regarding the Mallee Bull joint venture are 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.

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	31-Dec 2018 \$ Peel Mining	31-Dec 2018 \$ Mallee Bull	31-Dec 2018 \$ CSP	31-Dec 2018 \$ Total
Reportable segment profit	-	-	-	-
Segment assets	19,662,206	5,694,442	7,321,327	32,677,975

	31-Dec 2017 \$ Peel Mining	31-Dec 2017 \$ Mallee Bull	31-Dec 2017 \$ CSP	31-Dec 2017 \$ Total
Reportable segment profit	55,508	-	-	55,508
Segment assets	11,998,558	5,043,421	6,372,665	23,414,644

	31-Dec 2018 Consolidated \$	31-Dec 2017 Consolidated \$
Reconciliation of reportable segment (loss)		
Reportable segment (loss)/profit	-	55,508
Interest and other income	26,045	66,166
Corporate expenses	(1,681,832)	(1,266,620)
Loss attributable to associate	(195,405)	-
Loss before tax	(1,852,191)	(1,144,946)

	31-Dec 2018 Consolidated \$	31-Dec 2017 Consolidated \$
Reconciliation of reportable segment (assets)		
Reportable segment assets	32,677,975	23,414,644
Cash	6,444,770	8,492,384
Unallocated Assets	1,127,138	1,218,815
Investment in Saturn Limited	3,498,447	-
Total Liabilities	(7,811,046)	(7,603,708)
Net Assets	35,937,284	25,522,135

4. Contributed equity

<i>Movements in ordinary issued capital</i>	Number of Shares	\$
Balance at 1 July 2018	184,035,969	30,266,457
Shares issued under placement	10,000,000	3,600,000
Shares issued under entitlement offer	24,266,996	8,736,119
Shares issued under exercise of employee options	1,700,000	356,000
Share issue costs	-	(771,747)
Balance at 31 December 2018	220,002,965	42,186,829

<i>Movements in ordinary issued capital</i>	Number of Shares	\$
Balance at 1 July 2017	167,285,969	24,248,580
Shares issued under placement (net of share issue costs)	15,000,000	5,801,114
Shares issued under exercise of employee options	1,150,000	180,600
Balance at 31 December 2017	183,435,969	30,230,294

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	31-Dec 2018	30-Jun 2018
	\$	\$
5. Exploration expenditure		
At cost	31,375,354	24,585,053
<i>Reconciliations</i>		
Opening balance	24,585,053	15,389,576
Exploration expenditure	6,790,301	9,973,586
Impairment Expense	-	(673)
Research and development tax incentive grant	-	(777,436)
Closing balance	31,375,354	24,585,053

Recovery of the capitalised amount is dependent upon successful development and commercial exploitation, or alternatively, sale of the associated tenements.

6. Related Parties

Transactions with related parties

During the financial period the Group paid \$27,589 (2017: \$28,588) for head office rental and on charges to RIU Pty Ltd, and 18,920 to RIU Conferences Pty Ltd, both companies controlled by Mr S Hadfield.

During the period 2 million share options were granted to Peel Mining Limited's directors. These were ratified at the company's AGM on 29 November 2018. Each option has an exercise price of 64.1 cents per share.

7. Share Based Payments

During the period the Company has granted options to its employees and directors through its Employee Share Option Plan. Total expenses arising from share-based payment transactions recognised during the period were as follows.

	31-Dec 2018 Number	31-Dec 2018 Value (\$)
Options granted to employees (pro-rated due to vesting conditions)	1,600,000	238,725
Options granted to directors	2,000,000	412,213
Expense attributed with vesting of options granted in prior period	-	76,642
Total	3,600,000	727,580

	31-Dec 2017 Number	31-Dec 2017 Value (\$)
Options granted to employees (pro-rated due to vesting conditions)	1,050,000	82,999
Options granted to non-executive directors	2,000,000	506,197
Expense attributed with vesting of options granted in prior period	-	53,615
Total	3,050,000	642,811

Fair value of options granted

The assessed fair value at grant date of options granted to employees of the company during the period ended 31 December 2018 was 28 cents per option. The options were valued on a prorated basis as a result of the vesting condition attached to these options (50% of the options vest one year from grant date). The assessed fair value at grant date of options granted to the non-executive directors of the company during the period ended 31 December 2018 was 27 cents per option. 1,500,000 options vested immediately and

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with the remaining 500,000 vesting in one year from grant were prorated accordingly. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the half-year ended 31 December 2018 included:

	Employee Options	Executive Director Options	Non-Executive Director Options
(a) 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	100% vest immediately
(b) Exercise Price	57.0 cents	64.1 cents	64.1 cents
(c) Grant Date	7 December 2018	7 December 2018	7 December 2018
(d) Expiry Date	7 December 2021	7 December 2021	7 December 2021
(e) Share Price at Grant Date	47.5 cents	47.5 cents	47.5 cents
(f) Expected Price Volatility	100%	100%	100%
(g) Expected Dividend Yield	0.00%	0.00%	0.00%
(h) Risk-free interest rate	1.93%	1.93%	1.93%

8. Events occurring after the Reporting date

The Company had no additional events occurring after the reporting period to disclose.

9. 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 2014. The joint venture agreement in relation to the Mallee Bull Joint Venture require 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.

10. Interests in associate

Peel Mining Limited equity accounts for its sole associate of the group, Saturn Metals Limited. 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.

	Place of business	% of ownership Interest		Nature of relationship	Method	Quoted fair value		Carrying amount	
		31 Dec 2018	30 Jun 2018			31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018
		%	%			\$	\$	\$	\$
Saturn Metals Ltd	Aus	35.40%	35.71%	Associate	Equity Method	3,900,000	4,000,000	3,498,447	3,693,852
Total equity accounted investment								3,498,447	3,693,852

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	31-Dec 2018	30-Jun 2018
	\$	\$
Reconciliation to carrying amounts		
Opening balance	3,693,852	1
Asset acquired during the period	-	4,000,000
Loss for the period at 35.40% (30 June 2018: 35.71%)	(195,405)	(306,149)
Total	3,498,447	3,693,852

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DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the period then ended; and
- (b) there are reasonable grounds to believe that Peel Mining Limited will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'R. Tyson', with a horizontal line extending to the right.

R. Tyson
Managing Director

Perth, Western Australia
26 February 2019



Auditor's Independence Declaration

As lead auditor for the review of Peel Mining Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

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

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
26 February 2019



Independent auditor's review report to the members of Peel Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Peel Mining Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for the Peel Mining Limited Group (the Group). The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Peel Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Conclusion

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

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Ben Gargett'.

Ben Gargett
Partner

Perth
26 February 2019