
PEEL MINING LIMITED
ABN 42 119 343 734

HALF-YEAR CONSOLIDATED FINANCIAL REPORT
31 DECEMBER 2011

Corporate Directory

Directors

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

Company Secretary

David Hocking

Registered Office

Unit 1, 34 Kings Park Road, WA 6005

Telephone: +61 8 9382 3955
Facsimile: +61 8 9388 1025
E-mail: admin@Peel.com.au
Web-site: www.peelex.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St. George's Terrace, Perth WA 6000

Telephone: (61) 1300 664 593
Facsimile: (61-8) 9323 2033
E-mail: perth.services@computershare.com.au
Web-site: www.computershare.com.au

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street, Subiaco, WA 6008

Solicitors

Steinepreis Paganin
Level 4, The Read Building, 16 Milligan Street,
Perth WA 6000

Bankers

National Australia Bank Limited

Home Exchange

ASX code: PEX

Contents

Directors' report	2
Consolidated Statement of Comprehensive Income...	3
Consolidated Statement of Financial Position.....	4
Consolidated Statement of Changes in Equity.....	5
Consolidated Statement of Cash Flows.....	6
Notes to the consolidated financial statements.....	7
Directors' declaration.....	9
Auditor's independence declaration.....	10
Independent auditor's review report.....	11

Directors' Report

The directors present their report on the consolidated entity consisting of Peel Mining Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

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 - Chairman

Craig McGown - Non-executive Director
Graham Hardie - Non-executive Director

Results

The loss of the Group for the half-year ended 31 December 2011 after providing for income tax amounted to \$250,108 (2010: \$257,753).

Dividend

No dividends were paid or proposed during the half-year.

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 which are located in New South Wales, Western Australia and New Zealand.

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

Significant changes

During the period Peel Mining Limited increased contributed equity by \$2,616,300 through the issue of 21,964,368 shares pursuant to a non-renounceable rights issue of 1 for 4 shares at an issue price of 12 cents each and 100,000 shares pursuant to the exercise of employee options at 8 cents each.

Subsequent events

No matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

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 10.

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



R. Tyson
Managing Director
Perth, Western Australia
14 March 2012

**Consolidated Statement of Comprehensive Income
for the Half-Year ended 31 December 2011**

	Consolidated Entity	
	31-Dec 2011	31-Dec 2010
Note	\$	\$
Revenue from continuing operations	27,673	12,136
Depreciation	(4,806)	(16,792)
Employee and directors' benefit expenses	(159,262)	(153,043)
Exploration expenditure written off	4 (4,509)	(17,960)
Administration expenses	(109,204)	(82,094)
Loss before income tax expense	<u>(250,108)</u>	<u>(257,753)</u>
Income tax expense	-	-
Loss after tax from continuing operations	<u>(250,108)</u>	<u>(257,753)</u>
Total comprehensive loss for the period attributable to the members of Peel Mining Limited	<u>(250,108)</u>	<u>(257,753)</u>
	Cents	Cents
Basic loss per share	(0.27)	(0.51)
Diluted loss per share	n/a	n/a

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

PEEL MINING LIMITED

**Consolidated Statement of Financial Position
for the Half-Year ended 31 December 2011**

		Consolidated Entity	
	Note	31-Dec 2011	30-Jun 2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,559,362	1,532,413
Term deposits with maturity greater than 3 months		1,105,000	-
Trade and other receivables		192,433	74,045
TOTAL CURRENT ASSETS		<u>2,856,795</u>	<u>1,606,458</u>
NON-CURRENT ASSETS			
Security deposits		-	115,000
Plant and equipment		70,668	17,860
Exploration expenditure	4	5,528,233	4,291,595
TOTAL NON-CURRENT ASSETS		<u>5,598,901</u>	<u>4,424,455</u>
TOTAL ASSETS		<u>8,455,696</u>	<u>6,030,913</u>
CURRENT LIABILITIES			
Trade and other payables		684,357	625,766
TOTAL CURRENT LIABILITIES		<u>684,357</u>	<u>625,766</u>
TOTAL LIABILITIES		<u>684,357</u>	<u>625,766</u>
NET ASSETS		<u>7,771,339</u>	<u>5,405,147</u>
EQUITY			
Issued capital	3	10,001,225	7,384,925
Accumulated losses		(2,809,608)	(2,559,500)
Reserves		579,722	579,722
TOTAL EQUITY		<u>7,771,339</u>	<u>5,405,147</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
for the Half-Year ended 31 December 2011**

	Attributable to equity holders of the company			Total Equity \$
	Contributed Equity \$	Accumulated Losses \$	Other Reserves \$	
At 1 July 2010	4,162,547	(2,098,816)	569,522	2,633,253
Total comprehensive loss for the half-year	-	(257,753)	-	(257,753)
	<u>4,162,547</u>	<u>(2,356,569)</u>	<u>569,522</u>	<u>2,375,500</u>
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	3,342,598	-	-	3,342,598
Expenses of issue of share capital	(120,220)	-	-	(120,220)
At 31 December 2010	<u>7,384,925</u>	<u>(2,356,569)</u>	<u>569,522</u>	<u>5,597,878</u>
At 1 July 2011	7,384,925	(2,559,500)	579,722	5,405,147
Total comprehensive loss for the half-year	-	(250,108)	-	(250,108)
	<u>7,384,925</u>	<u>(2,809,608)</u>	<u>579,722</u>	<u>5,155,039</u>
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	2,643,724	-	-	2,643,724
Expenses of issue of share capital	(27,424)	-	-	(27,424)
At 31 December 2011	<u>10,001,225</u>	<u>(2,809,608)</u>	<u>579,722</u>	<u>7,771,339</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half year to 31 December 2011

	Consolidated Entity	
	31-Dec	31-Dec
	2011	2010
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(265,072)	(215,045)
Interest received	27,673	12,136
Net cash outflow from operating activities	<u>(237,399)</u>	<u>(202,909)</u>
Cash flows from investing activities		
Payments for mineral exploration	(1,199,338)	(330,181)
Payment for term deposits	(1,000,000)	(1,900,000)
Payment of security deposits	(95,000)	(10,000)
Refund of security deposits	-	10,000
Payments for purchase of plant and equipment	(57,614)	(2,824)
Net cash outflow from investing activities	<u>(2,351,952)</u>	<u>(2,233,005)</u>
Cash flows from financing activities		
Proceeds from issue of shares and options	2,643,724	2,297,598
Transaction cost of issue of shares	(27,424)	(120,220)
Net cash inflow from financing activities	<u>2,616,300</u>	<u>2,177,378</u>
Net increase in cash and cash equivalents	26,949	(258,536)
Cash and cash equivalents at the start of the half-year	<u>1,532,413</u>	<u>710,490</u>
Cash and cash equivalents at the end of the half-year	<u>1,559,362</u>	<u>451,954</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Accounts

1. Basis of preparation of Half-Year Financial Statements

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in an annual financial statement 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 2011 and any public announcements made by Peel Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. Segment Information

Management has determined that the Group has one reportable segment, being mineral exploration within Australasia. The group is focused only on mineral exploration and the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by the individual areas of interest in New South Wales, Western Australia and New Zealand. 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.

	31-Dec 2011	31-Dec 2010
	\$	\$
Revenue from external sources	-	-
Reportable segment (loss)	(9,315)	(34,751)
Reconciliation of reportable segment (loss)		
Reportable segment (loss)	(9,315)	(34,752)
Other profit	27,673	12,136
Unallocated: Corporate expenses	(268,466)	(235,137)
Loss before tax	<u>(250,108)</u>	<u>(257,753)</u>
	31-Dec 2011	30-June 2011
	\$	\$
Reportable segment assets	5,598,901	4,309,455

3. Contributed equity

<i>Movements in ordinary share capital</i>	Shares	\$
Balance at 1 July 2011	87,757,315	7,384,925
Shares issued pursuant to a 'Rights Issue'	16,529,410	1,983,529
Shares issued pursuant to placement of shortfall	5,434,958	652,195
Shares issued pursuant to the exercise of employee options	100,000	8,000
Transaction costs of rights issue	-	(27,424)
Balance at 31 December 2011	<u>109,821,683</u>	<u>10,001,225</u>

PEEL MINING LIMITED

<i>Movements in ordinary share capital</i>	Shares	\$
Balance at 1 July 2010	43,985,917	4,162,547
Shares issued pursuant to a 'Rights Issue'	22,002,959	1,540,207
Shares issued as consideration for the acquisition of a subsidiary company	11,000,000	1,045,000
Shares issued pursuant to placement	10,748,439	752,391
Shares issued pursuant to the exercise of options	20,000	5,000
Transaction costs of Rights Issue	-	(120,220)
Balance at 31 December 2010	<u>87,757,315</u>	<u>7,384,925</u>

	31-Dec 2011	30-Jun 2011
	\$	\$
4. Exploration expenditure		
At cost	<u>5,522,078</u>	<u>4,281,595</u>
<i>Reconciliations</i>		
Movement in the carrying amounts of capitalised exploration expenditure between the beginning and end of the half-year		
Opening balance	4,291,595	1,891,521
Acquisition of an exploration tenement	-	1,045,000
Acquisition of mining lease	4,852	-
Other exploration expenditure	1,236,295	1,361,432
Written off during the period	<u>(4,509)</u>	<u>(6,358)</u>
Closing net book amount	<u>5,528,233</u>	<u>4,291,595</u>

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

5. Subsidiary companies

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary companies.

<i>Name</i>	Country of Incorporation	Class of Shares	Equity Holding	
			31-Dec 2011	30-June 2011
			%	%
Peel Environmental Services Limited	Australia	Ordinary	100	100
Apollo Mining Pty Ltd	Australia	Ordinary	100	100

6. Contingencies

The Group had no contingent assets or liabilities for the half-year ended 31 December 2011.

7. Related Parties

Transactions with related parties

During the financial period the group paid \$18,000 (2010: \$18,000) for head office accommodation and secretarial services and charges to RIU Pty Ltd, a company controlled by Mr S Hadfield.

8. Events occurring after the Reporting date

No matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

9. Dividends

No dividends were paid during the period.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 8 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 2011 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:



R. Tyson
Managing Director

Perth, Western Australia
14 March 2012

14 March 2012

Peel Mining Limited
The Board of Directors
34 Kings Park Road
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF PEEL MINING LIMITED

As lead auditor for the review of Peel Mining Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- 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.



Chris Burton
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Peel Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Conclusion

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

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

BDO Audit (WA) Pty Ltd

BDO


Chris Burton
Director

Perth, Western Australia
Dated this 14th day of March 2012