
PEEL MINING LIMITED
ABN 42 119 343 734

HALF-YEAR CONSOLIDATED FINANCIAL REPORT
31 DECEMBER 2012

Corporate Directory

Directors

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

Company Secretaries

Ryan Woodhouse
David Hocking

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Share Registry

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Facsimile: (61-8) 9323 2033
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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 Profit or Loss and Other 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.....	10
Auditor's independence declaration.....	11
Independent auditor's review report	12

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 2012.

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	Craig McGown - Non-executive Director
Simon Hadfield - Chairman	Graham Hardie - Non-executive Director

Results

The loss of the Group for the half-year ended 31 December 2012 after providing for income tax amounted to \$ (927,350) 2011: \$(250,108)).

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 \$28,000 through the issue of 350,000 shares pursuant to the exercise of employee options at 8 cents each.

Events occurring after reporting period

Peel Mining Limited issued 6,000,000 ordinary shares to Acorn Capital Limited at an issue price of 31.5 cents per share on the 18 January 2013. No other matters or circumstances have arisen since the end of the interim 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 11.

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



R. Tyson
Managing Director
Perth, Western Australia
8 March, 2013

PEEL MINING LIMITED

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Half-Year ended 31 December 2012**

	Consolidated Entity	
	31-Dec 2012	31-Dec 2011
Note	\$	\$
Revenue from continuing operations	24,679	27,673
Depreciation	(14,028)	(4,806)
Employee and directors' benefit expenses	(209,453)	(159,262)
Exploration expenditure written off	5 -	(4,509)
Share based payment expense	9 (543,301)	-
Administration expenses	(185,247)	(109,204)
Profit/(Loss) before income tax expense	<u>(927,350)</u>	<u>(250,108)</u>
Income tax expense	-	-
Profit/(Loss) after tax from continuing operations	<u><u>(927,350)</u></u>	<u><u>(250,108)</u></u>
Total comprehensive income/(loss) for the period attributable to the members of Peel Mining Limited	<u><u>(927,350)</u></u>	<u><u>(250,108)</u></u>
	Cents	Cents
Basic loss per share	(0.84)	(0.27)
Diluted loss per share	n/a	n/a

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

PEEL MINING LIMITED

**Consolidated Statement of Financial Position
as at 31 December 2012**

		Consolidated Entity	
	Note	31-Dec 2012	30-Jun 2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		895,063	629,049
Trade and other receivables		120,627	30,883
TOTAL CURRENT ASSETS		<u>1,015,690</u>	<u>659,932</u>
NON-CURRENT ASSETS			
Security deposits		137,057	162,056
Plant and equipment		85,322	86,855
Exploration expenditure	5	6,507,841	6,864,104
TOTAL NON-CURRENT ASSETS		<u>6,730,220</u>	<u>7,113,015</u>
TOTAL ASSETS		<u>7,745,910</u>	<u>7,772,947</u>
CURRENT LIABILITIES			
Trade and other payables		519,349	190,337
TOTAL CURRENT LIABILITIES		<u>519,349</u>	<u>190,337</u>
TOTAL LIABILITIES		<u>519,349</u>	<u>190,337</u>
NET ASSETS		<u>7,226,561</u>	<u>7,582,610</u>
EQUITY			
Issued capital	4	10,117,725	10,089,725
Accumulated losses		(4,014,187)	(3,086,837)
Reserves		1,123,023	579,722
TOTAL EQUITY		<u>7,226,561</u>	<u>7,582,610</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 2012

	Attributable to equity holders of the company			Total Equity
	Contributed Equity \$	Accumulated Losses \$	Other Reserve s \$	
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>
At 1 July 2012	10,089,725	(3,086,837)	579,722	7,582,610
Total comprehensive income for the half-year	-	(927,350)	-	(927,350)
	<u>10,089,725</u>	<u>(4,014,187)</u>	<u>579,722</u>	<u>6,655,260</u>
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	28,000	-	-	28,000
Issue of Options	-	-	543,301	543,301
Expenses of issue of share capital	-	-	-	-
At 31 December 2012	<u>10,117,725</u>	<u>(4,014,187)</u>	<u>1,123,023</u>	<u>7,226,561</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 2012

		Consolidated Entity	
		31-Dec	31-Dec
		2012	2011
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(287,308)	(265,072)
Interest received		21,442	27,673
Net cash outflow from operating activities		<u>(265,866)</u>	<u>(237,399)</u>
Cash flows from investing activities			
Payments for mineral exploration	2	(2,008,624)	(1,199,338)
Payment for term deposits		-	(1,000,000)
Payment of security deposits		(30,000)	(95,000)
Refund of security deposits		55,000	-
Payments for purchase of plant and equipment		(12,496)	(57,614)
Proceeds from disposal of interest in E&E asset through farm-out	2	2,500,000	-
Net cash inflow/(outflow) from investing activities		<u>503,880</u>	<u>(2,351,952)</u>
Cash flows from financing activities			
Proceeds from issue of shares and options		28,000	2,643,724
Transaction cost of issue of shares		-	(27,424)
Net cash inflow from financing activities		<u>28,000</u>	<u>2,616,300</u>
Net increase in cash and cash equivalents		266,787	26,949
Cash and cash equivalents at the start of the half-year		<u>629,049</u>	<u>1,532,413</u>
Cash and cash equivalents at the end of the half-year		<u>895,063</u>	<u>1,559,362</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 2012 have 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 2012 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. In addition the following accounting policy was adopted:

Farm-outs – in the exploration and evaluation phase

The Group does not record any expenditure made by the farminee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farminee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farminor as a gain on disposal.

2. Mallee Bull Project Farm-in by CBH Resources Limited

During the period, Stage-1 of the farm-in by CBH Resources Limited (CBH) to the Group's Mallee Bull Project was completed. This saw CBH pay the Group \$1,000,000 as a re-imburement for previous expenditure and contribute \$1,500,000 to exploration on the project to earn an initial 15%. These amounts have been included in the Groups Consolidated Statement of Cashflows and Consolidated Statement of Financial Position, however per the group's accounting policy, the contributions are off-set against the expenditure incurred resulting in no gain or loss recognised (net effect) in the capitalised Exploration Expenditure asset.

3. 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. 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	31-Dec
	2012	2011
	\$	\$
Revenue from external sources	-	-
Reportable segment (loss)	(10,411)	(9,315)
Reconciliation of reportable segment (loss)		
Reportable segment (loss)	(10,411)	(9,315)
Other revenue	24,679	27,673
Unallocated: Corporate expenses	(941,618)	(268,466)
Loss before tax	<u>927,350</u>	<u>(250,108)</u>
	31-Dec	30-June
	2012	2012
	\$	\$
Reportable segment assets	<u>7,745,910</u>	<u>7,772,947</u>

PEEL MINING LIMITED

4. Contributed equity

	Shares	\$
<i>Movements in ordinary share capital</i>		
Balance at 1 July 2012	110,571,683	10,089,725
Shares issued pursuant to the exercise of employee options	350,000	28,000
Balance at 31 December 2012	110,921,683	10,117,725

<i>Movements in ordinary share capital</i>		
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	109,821,683	10,001,225

	31-Dec 2012	30-Jun 2012
	\$	\$
5. Exploration expenditure		
At cost	6,507,841	6,864,104
<i>Reconciliations</i>		
Movement in the carrying amounts of capitalised exploration expenditure between the beginning and end of the half-year		
Opening balance	6,864,104	4,281,595
Acquisition of mining lease	-	90,000
Other exploration expenditure	2,143,737	2,492,509
Written off during the period	-	-
Farm out of Gilgunnia Project	(2,500,000)	-
Closing net book amount	6,507,841	6,864,104

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

6. 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 2012	30-June 2012
			%	%
Peel Environmental Services Limited	Australia	Ordinary	100	100
Apollo Mining Pty Ltd	Australia	Ordinary	100	100

7. Contingencies

The Group had no contingent assets or liabilities for the half-year ended 31 December 2012.

8. Related Parties

Transactions with related parties

During the financial period the group paid \$18,000 (2011: \$18,000) for head office accommodation and secretarial services and charges to RIU Pty Ltd, a company controlled by Mr S Hadfield.

9. Share Based Payments

PEEL MINING LIMITED

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

9. Share Based Payments (Cont.)

	31-Dec 2012	31-Dec 2012
	Number	Value (\$)
Options granted to directors	2,500,000	527,293
Options granted to employees (pro-rated due to vesting conditions)	600,000	16,008
Total	<u>3,100,000</u>	<u>543,301</u>

Fair value of options granted

The assessed fair value at grant date of options granted to directors of the company and employees during the period ended 31 December 2012 was 21 cents per option and 4 cents per option respectively. Employee 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 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 year ended 31 December 2012 included:

	Employee Options	Directors
(a) Options are granted for no consideration and vest accordingly	50% vest immediately, 50% vest in one year from grant date	100% vest immediately
(b) Exercise Price	8 cents	50 cents
(c) Grant Date	11 July 2012	28 November 2012
(d) Expiry Date	31 July 2014	28 November 2015
(e) Share Price at Grant Date	7 cents	37 cents
(f) Expected Price Volatility	100%	100%
(g) Expected Dividend Yield	0.00%	0.00%
(h) Risk-free interest rate	2.41%	2.67%

Options Exercised

350,000 employee options were exercised during the period. The weighted average share price at the date of exercise was \$0.33.

10. Events occurring after the Reporting date

Peel Mining Limited issued 6,000,000 ordinary shares to Acorn Capital Limited at an issue price of 31.5 cents per share on the 18 January 2013. This placement increased Peel's shares on issue to 116,921,683 ordinary shares. No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

12. 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 9 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 2012 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
8 March 2013

8 March 2013

The Directors
Peel Mining Limited
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 2012, 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 consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated² statement of cash flow for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the entities it controlled at the half years end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated 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 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 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 consolidated entity's financial position as at 31 December 2012 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 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 2012 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 8th day of March 2013