
PEEL MINING LIMITED
ABN 42 119 343 734

HALF-YEAR CONSOLIDATED FINANCIAL REPORT
31 DECEMBER 2014

PEEL MINING LIMITED

ABN 42 119 343 734

Corporate Directory

Directors

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

Company Secretary

Ryan Woodhouse

Registered Office

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Facsimile: +61 8 9388 1025
E-mail: info@peelmining.com.au
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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

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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 2014.

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
Graham Hardie - Non-executive Director

Company Secretary
Ryan Woodhouse (appointed 7/01/2015)
David Lim (resigned 7/1/2015)

Results

The loss of the Group for the half-year ended 31 December 2014 after providing for income tax amounted to \$529,640 (2013: \$390,146).

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 and Western Australia.

Review of Operations

Mallee Bull Project

The Mallee Bull project is a copper-polymetallic discovery located approximately 100km south of Cobar in Western NSW. A maiden JORC compliant Mineral Resource estimate was completed in May 2014, comprising 3.9Mt at 2.3% copper, 32 g/t silver and 0.3 g/t gold for 90,000 tonnes of contained copper, 4 million ounces contained silver and 43,000 ounces contained gold (at a 1% copper equivalent cut-off). Exploration activities continued under the 50:50 Joint Venture with CBH Resources Limited (CBH).

The Mallee Bull Mineral Resource estimate formed the basis of a scoping study which was completed at the end of the September quarter. The study highlighted the benefits of increasing the scale of the deposit and encouragingly, data review indicated the likelihood of mineralisation at Mallee Bull remaining open to the north, in particular for lead and zinc. Results from additional down-hole electromagnetic (DHEM) surveying of diamond hole MBDD024 were highly supportive, with a clear on-hole anomaly observed at 325m down hole; the interpreted causative body was found to coincide with the significant interval of 35m @ 3.42% Pb, 1.51% Zn, 54 g/t Ag, 1.16 g/t Au from 374m in MBDD008, and the down dip portion of the body interpreted to extend northward.

Field exploration activities included an infill gravity survey over the Mallee Bull, Butchers Dog and Jalk prospects and portable X-Ray Fluorescence (pXRF) sampling to cover a broader project area. To the north-west of Mallee Bull, coincident Cu/Zn-Pb pXRF anomalies were identified near a major magnetic structure along historic workings. Named 'The Crucible' prospect, subsequent rock chip sampling showed gold values of up to 3.16 g/t Au. A preliminary bouguer gravity survey completed over the area also confirmed the presence of local highs proximal to the magnetic structure.

Additional geophysical surveys at Mallee Bull comprised a high-resolution (50m line spacing) airborne magnetic/radiometric survey over the entirety of the EL7461 tenement, and an "Orion 3D" DC/IP and MT survey of approximately 5km². The Orion 3D system with its higher accuracy, resolution and greater depth penetration, was used with the aim of guiding the next phase of exploration at Mallee Bull; zones and structures that may be related to the emplacement of sulphide mineralisation have already been delineated, and follow-up drilling is due to commence in the next half year.

Cobar Superbasin Project

The December 2014 half year saw Peel (through its wholly owned subsidiary Peel (CSP) Pty Ltd) enter into a Memorandum of Agreement (MoA) with Japan Oil, Gas and Metals National Corporation (JOGMEC) for JOGMEC to earn up to 50% of certain exploration tenements owned by Peel (CSP) in the Cobar Superbasin, by funding \$7 million of exploration

PEEL MINING LIMITED

expenditure. Exploration work commenced under this agreement with geophysical surveying, geochemical sampling and drilling predominantly at the Mundoe, Sandy Creek, Red Shaft and Wirlong prospects.

At Mundoe, 3 RC drill holes were completed testing for northern and southerly extensions to existing base and precious metal mineralisation. Significant results included 1m @ 71 g/t Ag, 2.89% Cu from 165m in MURC011, and 1m @ 56 g/t Ag, 0.45% Cu from 205m and 2m @ 138 g/t Ag, 0.13% Cu from 209m in MURC012, potentially extending known mineralisation at Mundoe approximately 100m further south.

At the Sandy Creek prospect, RC drilling commenced subsequent to a detailed gravity survey which delineated a 1.4km gravity high anomaly trending N-S. Review of depth sections from historic IP data had shown coincident chargeable/resistivity anomalies beneath surface lead geochemical anomalies, and the gravity anomaly was found to correlate well with the remodelled chargeable body trend. An increase in silicification and fracturing was noted with depth in the drill holes, along with minor pyrite, pyrrhotite, and galena and sphalerite mineralisation. The surface lead geochemical anomalies and anomalous historic RAB results were targeted with RAB drilling, with significant values for Cu, Pb and Zn present at the end of holes highlighting the potential for mineralisation at greater depth. Results included 1m @ 0.23% Pb in PSCRAB024 from 17m to EOH and 1m @ 0.34% Pb from 43m to EOH in PSCRAB027.

At the Red Shaft prospect, previous significant rock chip values of Cu, Au, Ag and As were followed up with a 40-hole RAB drilling program. Gold and multi-element results were highly elevated, with significant intercepts including 29m @ 0.37% Pb, 0.11% Cu from 1m and 24m @ 0.63g/t Au from 0m in RSRAB035.

Lead anomalies at Wirlong, identified in the September quarter through portable XRF and rock chip sampling, were also tested with RAB drilling. Encouraging preliminary pXRF results were returned including 9m @ 0.41% Pb, 0.19% Zn from 35m in WLRAB003 and 10m @ 0.39% Pb, 0.10% Zn from 17m in WLRAB008. An IP survey over the prospect area also defined a 1.1km by 200m strong chargeable anomaly, proximal to strong buried magnetic and surface geochemical anomalies. Follow-up RC and diamond drilling is planned for the next half year.

Apollo Hill Project

An 81-hole aircore (AC) drilling program was completed for a total 2,000m at two prospects; along strike from the main Apollo Hill deposits and also at the new 'Stockdale' prospect, located on E39/1039, where Peel has an exclusive option for a period of up to 3 years to purchase the tenement for a total consideration of \$250,000 and a royalty. At both prospects, despite the termination of all holes at shallow depths due to difficulties in ground penetration, anomalous values were returned. At the main Apollo Hill deposit, significant gold results were intercepted towards the ends of holes, indicating the presence of mineralisation at depth and potentially extending the Ra zone further to the north-west. Significant intercepts included 11m @ 0.20 g/t Au from 35m to EOH in PAAC02 and 5m @ 0.25 g/t Au from 25 to EOH in PAAC03. At Stockdale, significant results included 5m @ 0.26 g/t Au from 30m in PSAC008 and 5m @ 0.55 g/t Au from 40m in PSAC024. All results at both Apollo Hill and Stockdale are reported from 5m composite samples, or lesser when the EOH occurred on a metre depth indivisible by the composite width. Re-sampling of anomalous values were completed, and results are anticipated in the next half year.

Other Projects

No field work was completed on the Attunga, Rise & Shine (relinquished in the September quarter) and Ruby Silver Projects during the half year. 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 shares on issue by 400,000 shares due to the exercise of employee options granted on 11 July 2012

Events occurring after reporting period

After the reporting date, Peel Mining Limited lodged an amendment to its 2013 Income Tax Return in relation to the federal governments Research and Development Tax Incentive Scheme. On the 3rd of March 2015, the company received a refund of \$1,348,919 for eligible R&D expenditure.

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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 14.

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 long horizontal flourish extending to the right.

R. Tyson
Managing Director
Perth, Western Australia
12 March, 2015

PEEL MINING LIMITED

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Half-Year ended 31 December 2014**

		Consolidated Entity	
		31-Dec 2014	31-Dec 2013
	Note	\$	\$
Revenue from continuing operations		105,663	101,233
Depreciation		(42,669)	(42,177)
Employee and directors' benefit expenses		(327,910)	(182,868)
Exploration expenditure written off	5	(5,011)	-
Share based payment expense	9	(20,869)	(34,847)
Administration expenses		(238,844)	(231,487)
Profit/(Loss) before income tax expense		<u>(529,640)</u>	<u>(390,146)</u>
Income tax expense		-	-
Profit/(Loss) after tax from continuing operations		<u><u>(529,640)</u></u>	<u><u>(390,146)</u></u>
Total comprehensive income/(loss) for the period attributable to the members of Peel Mining Limited		<u><u>(529,640)</u></u>	<u><u>(390,146)</u></u>
		Cents	Cents
Basic loss per share		(0.40)	(0.30)
Diluted loss per share		n/a	n/a

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 2014**

		Consolidated Entity	
	Note	31-Dec 2014 \$	30-Jun 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	2	1,967,307	3,114,744
Trade and other receivables		116,707	97,337
TOTAL CURRENT ASSETS		<u>2,084,014</u>	<u>3,212,081</u>
NON-CURRENT ASSETS			
Security deposits		397,903	347,904
Plant and equipment		210,637	220,789
Property		840,487	840,487
Exploration expenditure	5	13,476,385	12,446,494
TOTAL NON-CURRENT ASSETS		<u>14,925,412</u>	<u>13,855,674</u>
TOTAL ASSETS		<u>17,009,426</u>	<u>17,067,755</u>
CURRENT LIABILITIES			
Trade and other payables		472,822	704,381
TOTAL CURRENT LIABILITIES		<u>472,822</u>	<u>704,381</u>
NON-CURRENT LIABILITIES			
Deferred Income	2	651,613	-
TOTAL NON-CURRENT LIABILITIES		<u>651,613</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,124,435</u>	<u>704,381</u>
NET ASSETS		<u>15,884,991</u>	<u>16,363,374</u>
EQUITY			
Issued capital	4	17,942,191	17,911,805
Accumulated losses		(3,342,202)	(2,713,564)
Reserves		1,186,002	1,165,133
TOTAL EQUITY		<u>15,884,991</u>	<u>16,363,374</u>

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 2014**

	Attributable to equity holders of the company			Total Equity \$
	Contributed Equity \$	Accumulated Losses \$	Other Reserves \$	
At 1 July 2014	17,911,805	(2,713,562)	1,165,133	16,363,376
Total comprehensive loss for the half-year	-	(529,640)	-	(529,640)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	32,000			32,000
Issue of options			20,869	20,869
Expenses of issue of share capital	(1,614)			(1,614)
At 31 December 2014	<u>17,942,191</u>	<u>(3,243,202)</u>	<u>1,186,002</u>	<u>15,884,991</u>
At 1 July 2013	17,136,805	(4,562,765)	1,123,023	13,697,063
Total comprehensive loss for the half-year	-	(390,146)	-	(390,146)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	775,000	-		775,000
Issue of Options	-	-	34,847	34,847
Expenses of issue of share capital	-	-	-	
At 31 December 2013	<u>17,911,805</u>	<u>(4,952,911)</u>	<u>1,157,870</u>	<u>14,116,764</u>

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 2014

	Consolidated Entity	
	31-Dec	31-Dec
	2014	2013
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(360,910)	(532,789)
Research & Development tax refund	75,578	
Net cash outflow from operating activities	<u>(285,332)</u>	<u>(532,789)</u>
Cash flows from investing activities		
Payments for mineral exploration	(1,499,585)	(2,582,493)
Payment of security deposits	(50,000)	(108,000)
Refund of security deposits	-	-
Payments for purchase of property, plant and equipment	(32,529)	(923,362)
Proceeds received under farm-out agreement	651,613	1,500,000
Interest received	38,010	113,166
Net cash inflow/(outflow) from investing activities	<u>(892,491)</u>	<u>(2,000,689)</u>
Cash flows from financing activities		
Proceeds from issue of shares and options	32,000	-
Transaction cost of issue of shares	(1,614)	-
Net cash inflow from financing activities	<u>30,386</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(1,147,437)	(2,533,478)
Cash and cash equivalents at the start of the half-year	3,114,744	6,360,673
Cash and cash equivalents at the end of the half-year	<u>1,967,307</u>	<u>3,827,195</u>

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

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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 2014 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 2014 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:

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2014 that have been applied by Peel. The 30 June 2014 annual report disclosed that Peel anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2014.

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

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

During the period, Peel Mining Limited entered into a farm-in by Japanese Oil, Gas & Metals National Corporation (JOGMEC) to the Group's Cobar Suberbasin Project (CSP) was commenced. This saw JOGMEC pay the Group \$651,613 for exploration on the project as part of their \$4,000,000 earn-in over 3 years to acquire a 40% of the project. These amounts have been included in the Group's Consolidated Statement of Cashflows and Consolidated Statement of Financial Position, however per the Group's accounting policy, the contributions are recorded as deferred income, which will offset the capitalised expenditure incurred resulting in no gain or loss recognised (net effect) until the point in which the interest is taken up. Currently cash held by Peel Mining Limited of \$587,191 is restricted to be used on the Cobar Superbasin Project under JOGMEC's farm-in arrangement.

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 with JOGMEC in Peel (CSP) Pty Ltd 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 and JOGMEC Farm-in is also taken into account by the board, however exploration decisions are made by the Joint Venture/Farm-in committee, which is made up of members from both Peel Mining Limited, CBH Resources Limited and JOGMEC respectively.

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	2014	2014	2014	Dec	Dec	Dec
	\$	\$	\$	Restated	Restated	Restated
	Peel	Mallee Bull	CSP	Peel Mining	Mallee Bull	CSP
Reportable segment (loss)	(47,680)	-	-	(42,177)	-	-
				June	June	June
				2014	2014	2014
				Peel Mining	Mallee Bull	CSP
Segment assets	8,322,796	5,804,076	400,637	7,803,956	5,703,814	-

Reconciliation of reportable segment (loss)

	Dec	Dec
	Consolidated	Consolidated
	2014	2013
Reportable segment (loss)	(47,680)	(42,177)
Other revenue	105,663	101,233
Corporate expenses	(587,623)	(449,202)
Profit/(loss) before tax	(529,640)	(390,146)

Reconciliation of reportable segment (assets)

	Dec	June
	2014	2014
Reportable segment assets	14,527,509	13,507,770
Cash	1,967,307	3,114,744
Corporate Segment Assets	514,610	445,241
Total Assets	17,009,426	17,067,755

4. Contributed equity

<i>Movements in ordinary share capital</i>	Number of Shares	\$
Balance at 1 July 2014	132,085,969	17,911,805
Shares issued pursuant to the exercise of options	400,000	30,386
Balance at 31 December 2014	132,485,969	17,942,191

Movements in ordinary share capital

Balance at 1 July 2013	129,871,683	17,136,805
Exercise of options	2,214,286	775,000
Balance at 31 December 2013	132,085,969	17,911,805

5. Exploration expenditure

	31-Dec	30-Jun
	2014	2014
	\$	\$
At cost	13,476,385	12,446,494
<i>Reconciliations</i>		
Opening balance	12,446,494	10,007,188
Acquisition of exploration lease	-	775,000
Other exploration expenditure	1,034,930	5,002,869
Written off during the period	(5,011)	(212,288)
Transfer of Wirchileba Property	-	(84,423)
Partial disposal of E&E interest	-	(3,041,852)
Closing net book amount	13,476,385	12,446,494

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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.

Name	Country of Incorporation	Class of Shares	Equity Holding	
			31-Dec 2014	30-June 2014
Peel Environmental Services Limited	Australia	Ordinary	100	100
Apollo Mining Pty Ltd	Australia	Ordinary	100	100
Peel (CSP) Pty Ltd ⁽¹⁾	Australia	Ordinary	100	0

(1) Peel (CSP) Pty Ltd was incorporate on 1st September 2014 and is 100% owned subsidiary of Peel Mining Limited.

7. Contingencies

The Group had no contingent assets or liabilities for the half-year ended 31 December 2014.

8. Related Parties

Transactions with related parties

During the financial period the Group paid \$29,880 (2013: \$29,880) for head office rental and on charges to RIU Pty Ltd, a company controlled by Mr S Hadfield. The company also paid \$10,450 to RIU Conferences Pty Ltd, a company of which Mr S Hadfield is a director.

During the period 1 million share options were granted to Peel Mining Limited's managing director, Rob Tyson, through its Employee Share Option Plan. These were ratified on at the company's AGM and granted on 3 December 2014. Each option has an exercise price of 7 cents per share.

9. 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 2014	31-Dec 2014
	Number	Value (\$)
Options granted to employees (pro-rated due to vesting conditions)	1,000,000	16,119
Vesting of options granted in prior period	-	4,750
Total	1,000,000	20,869
	31-Dec 2013	31-Dec 2013
	Number	Value (\$)
Options granted to employees (pro-rated due to vesting conditions)	320,000	34,847
Total	320,000	34,847

Fair value of options granted

The assessed fair value at grant date of options granted to the Managing Director of the company during the period ended 31 December 2014 was 3 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 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 2014 included:

	Director Options
(a) Options are granted for no consideration and vest accordingly	50% vest immediately, 50% vest in one year from grant date
(b) Exercise Price	7 cents
(c) Grant Date	3 December 2014
(d) Expiry Date	4 December 2017
(e) Share Price at Grant Date	5 cents
(f) Expected Price Volatility	100%
(g) Expected Dividend Yield	0.00%
(h) Risk-free interest rate	2.37%

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Options Exercised

400,000 employee options were exercised during the period at a price of 8 cents per option.

10. Events occurring after the Reporting date

After the reporting date, Peel Mining Limited lodged an amendment to its 2013 Income Tax Return in relation to the federal governments Research and Development Tax Incentive Scheme. On the 3rd of March 2015, the company received a refund of \$1,348,919 for eligible R&D expenditure.

12. Dividends

No dividends were paid during the period.

13. Fair Value Measurement

Financial assets and financial liabilities that are not measured at fair value on a recurring basis

At 31 December 2014 and 30 June 2014, the carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short term nature.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 12 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 2014 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 long horizontal flourish extending to the right.

R. Tyson
Managing Director

Perth, Western Australia
12 March 2015

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF PEEL MINING LIMITED

As lead auditor for the review of Peel Mining Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2015

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 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 company 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 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 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 2014 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 2014 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

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', written over the printed name. The signature is stylized and includes a flourish at the end.

Glyn O'Brien

Director

Perth, 12 March 2015