
PEEL MINING LIMITED
ABN 42 119 343 734

HALF-YEAR CONSOLIDATED FINANCIAL REPORT
31 DECEMBER 2016

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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E-mail: info@peelmining.com.au
Web-site: www.peelmining.com.au

Share Registry

Link Market Services Limited
Level 4, 152 St Georges Tce PERTH WA 6000

Telephone +61 1300 554 474
Facsimile: +61 (0)2 9287 0303
Website: www.linkmarketservices.com

Auditors

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

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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PEEL MINING LIMITED

Directors' Report

The directors present their report on the consolidated entity consisting of Peel Mining Limited and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2016.

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

Results

The loss of the Group for the half-year ended 31 December 2016 after providing for income tax amounted to \$776,975 (2015: \$12,687).

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.

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 inferred Mineral Resource estimate was completed in May 2014 (refer to ASX announcement "High Grade Copper Resource at Mallee Bull" on 27th May 2015). Exploration activities continued under the 50:50 Joint Venture with CBH Resources Limited (CBH).

Drilling commenced at Mallee Bull in mid-July 2016 as part of investigations to find new mineralisation. Downhole-EM surveying of previous drillholes had identified an offhole anomaly centred ~300m north of the main Mallee Bull deposit. Follow-up drilling this half year led to the discovery of new copper mineralisation in the area now termed 'Mallee Bull North'. Better intercepts include 7m @ 2.01% Cu, 37 g/t Ag, 0.15 g/t Au from 324m in MBRC054, 9m @ 2.24% Cu, 27 g/t Ag, 0.27 g/t Au from 455m in MBRC055, 5m @ 0.76% Cu, 16 g/t Ag, 0.07 g/t Au from 458m in MBRCDD056, 4m @ 1.67% Cu, 0.61% Zn, 18.4 g/t Ag, 0.13 g/t Au from 474m in MBRCDD059.

Additional DHEM surveying identified a moderate-strong off-hole anomaly in close proximity to the targeted area and modelled as easterly dipping. Diamond hole MBDD027 was subsequently drilled from the east, and intercepted multiple zones of fracture fill sphalerite-galena-chalcopyrite-pyrrhotite mineralisation. Best intercepts include 1m @ 1.59% Cu, 0.47% Pb, 3.05% Zn, 28.7 g/t Ag from 266m; 1m @ 4.65% Cu, 48.3 g/t Ag, 2.96 g/t Au from 335m; 7m @ 1.28% Cu, 16 g/t Ag, 1.89 g/t Au from 371m and 5m @ 2.22% Cu, 31 g/t Ag, 0.09 g/t Au from 404m. Mineralisation at Mallee Bull North remains open along strike and down dip, with geophysics indicating good potential for additional mineralisation in the area.

Future work at Mallee Bull will commence with close-spaced drilling surrounding the T1 area, where substantial zinc-lead and copper-rich mineralisation has been defined, with the aim of strengthening the existing Mallee Bull resource. The zinc-lead rich mineralisation, which has also been defined to more than 500m below surface at the northern end of the current resource model and remains open, is still yet to be quantified.

Cobar Superbasin Project

The Cobar Superbasin Project is subject to a Memorandum of Agreement with Japan Oil, Gas, and Metals National Corporation (JOGMEC), under which JOGMEC may earn up to a 50% interest by funding up to \$7 million of exploration. During the current year JOGMEC completed its stage 1 commitments of \$4,000,000 earn-in to acquire a 40% interest in the project. This interest has yet to be taken up and JOGMEC has progressed onto stage 2 where by spending \$3,000,000 it has the right to earn an additional 10%. Activities as part of this stage commenced at Wirlong. Once stage two is completed JOGMEC has the right to exercise its interest in the project.

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Recent exploration at Wirlong confirmed that the area is host to significant high grade copper mineralisation, which still remains open up- and dip-dip and along strike. A further 9 RC drillholes were completed at the prospect, eight of which were drilled to test for potential oxide copper mineralisation up-dip of previous significant intercepts. Better results include 10m @ 0.64% Cu, 3 g/t Ag from 106m in WLRC032, 7m @ 1.07% Cu, 4 g/t Ag from 99m in WLRC033, 6m @ 0.97% Cu, 3 g/t Ag from 117m and 5m @ 0.84% Cu, 4 g/t Ag from 144m in WLRC034, and 8m @ 3.63% Cu, 20 g/t Ag from 71m in WLRC035. A number of holes have also shown indications of continued mineralisation past the end of hole, and extensions are anticipated. Follow-up drilling had already commenced at the time of reporting.

Additional activities in the EL8307 tenement within which Wirlong is located, included RC drilling at the Red Shaft and Sandy Creek prospects. Red Shaft is located approximately 4km SSE of Wirlong, and three RC holes were completed to follow-up previous significant Cu and Au intercepts as well as test an arsenic surface geochemical anomaly and gravity high. Best intercepts include 4m @ 0.48% Pb from 41m in RSRC009 and 2m @ 0.80% Pb from 61m in RSRC011. At Sandy Creek, 2 drillholes were completed to further evaluate the southern extension of mineralisation and investigate a gravity high with an associated chargeability anomaly. Better intercepts include 2m @ 0.58% Zn, 0.18% Pb from 119m, 2m @ 0.47% Zn, 0.35% Pb from 128m and 3m @ 0.43% Zn, 0.19% Pb from 142m in PSCRC007.

Elsewhere within the Cobar Superbasin, a partial leach soil sampling program was completed at the Bedooba prospect which is defined by a NE-SW trending magnetic anomaly with a coincident gravity high and substantial pXRF soil geochemical anomaly along strike to the north-east. Results from the latest soil sampling program (506 samples) not only substantiate the pXRF data but also extend the As, Pb, Sb and Bi soil anomaly a further 800m to the north-east. A follow-up 3-hole RC drilling program is planned.

Wagga Tank Project

The Wagga Tank prospect is located on the western edge of the Cobar Superbasin, ~130 km south of Cobar or ~30km northwest of Mount Hope, and represents a polymetallic VHMS-type deposit with many significant historic drill intercepts. Last drilling was in 1989.

Initial drilling was completed by Peel this quarter for a total of 18 RC drillholes (for 4,315m), five of which were extended with diamond tails (for 473m). The program has successfully confirmed the presence of high grade base and precious metal mineralisation originally identified at Wagga Tank. Best results include 13m @ 5.02% Zn, 3.51% Pb, 46 g/t Ag, 0.29 g/t Au from 240m followed by 11m @ 11.7% Zn, 6.5% Pb, 67 g/t Ag, 0.3% Cu from 253m (the latter intercept as indicated by pXRF; assays pending) in WTRC003, 15m @ 8.49% Zn, 4.11% Pb, 114 g/t Ag, 1.57 g/t Au, 0.31% Cu from 280m in WTRCDD004, 7m @ 3.15 g/t Au, 1.1% Cu from 190m in WTRC011, 17m @ 2.65 g/t Au, 0.54% Cu, 11 g/t Ag from 211m (EOH) incl. 9m @ 4.30 g/t Au, 0.72% Cu, 14 g/t Ag from 211m in WTRC013, and 6.5m @ 4.9% Zn, 1.79% Pb, 22 g/t Ag, 0.21 g/t Au from 330m in WTRCDD016. Mineralisation remains open along strike and at depth, and at least 7 drillholes from the program have shown indications of continued mineralisation at depth; extensional drilling is planned for the next half year.

At the MD-2 prospect, located ~20km NE of Wagga Tank, 2 RC drillholes were completed to follow-up shallow massive sulphide intercepts encountered by historic drilling, which was designed to test coincident geochemical and IP anomalies. Both drillholes returned significant zones of mineralisation which remain open at depth and along strike. Best intercepts include 4m @ 2.49% Zn, 1.31% Pb, 0.31 g/t Au, 41.8 g/t Ag from 51m (incl. 2m @ 4.44% Zn, 2.40% Pb, 0.5 g/t Au, 75.5 g/t Ag from 52m) in MD2RC002 and 7m @ 0.82% Zn, 0.38% Pb, 0.22 g/t Au, 16.2 g/t Ag from 64m (incl. 1m @ 1.86% Zn, 0.97% Pb, 0.39% Cu, 0.37 g/t Au, 31.1 g/t Ag from 64m) in MD2RC003.

Other Projects

No field activities were completed on the Apollo Hill, Attunga and Ruby Silver projects during the half year. Further information on Peel's activities during the half year financial period can be found in the quarterly activity reports.

Significant changes

During the period Peel Mining Limited increased shares on issue by 18,700,000 shares due to the placement of new shares to sophisticated investors raising \$2,980,544 (net of share issue costs) (see ASX announcement titled "Peel Completes \$3m Placement at Market", on 19 September 2016).

Events occurring after reporting period

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

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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
10 March, 2017

PEEL MINING LIMITED

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Half-Year ended 31 December 2016**

		Consolidated Entity	
		31-Dec 2016	31-Dec 2015
	Note	\$	\$
Revenue from continuing operations		86,367	181,020
Other Income		6,950	137,499
Depreciation		(30,193)	(43,080)
Employee and directors' benefit expenses		(208,737)	(280,143)
Exploration expenditure written off	5	(144,736)	(140,099)
Share based payment expense	9	(261,570)	(159,655)
Administration expenses		(225,056)	(186,637)
Loss before income tax expense		<u>(776,975)</u>	<u>(491,095)</u>
Income tax benefit	10	-	478,408
Loss after tax from continuing operations		<u><u>(776,975)</u></u>	<u><u>(12,687)</u></u>
Total comprehensive loss for the period attributable to the members of Peel Mining Limited		<u><u>(776,975)</u></u>	<u><u>(12,687)</u></u>
		Cents	Cents
Basic loss per share		(0.54)	(0.01)
Diluted loss per share		(0.54)	(0.01)

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

PEEL MINING LIMITED

**Consolidated Statement of Financial Position
as at 31 December 2016**

		Consolidated Entity	
	Note	31-Dec 2016 \$	30-Jun 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		3,339,131	1,859,028
Trade and other receivables		321,258	271,942
TOTAL CURRENT ASSETS		<u>3,660,389</u>	<u>2,130,970</u>
NON-CURRENT ASSETS			
Security deposits		406,405	366,404
Plant and equipment		217,980	171,272
Property		840,487	840,487
Exploration expenditure	5	17,417,421	15,100,555
TOTAL NON-CURRENT ASSETS		<u>18,882,293</u>	<u>16,478,718</u>
TOTAL ASSETS		<u>22,542,682</u>	<u>18,609,688</u>
CURRENT LIABILITIES			
Trade and other payables		1,344,267	384,584
TOTAL CURRENT LIABILITIES		<u>1,344,267</u>	<u>384,584</u>
NON-CURRENT LIABILITIES			
Deferred Income	2	4,144,587	3,636,415
TOTAL NON-CURRENT LIABILITIES		<u>4,144,587</u>	<u>3,636,415</u>
TOTAL LIABILITIES		<u>5,488,854</u>	<u>4,020,999</u>
NET ASSETS		<u>17,053,828</u>	<u>14,588,689</u>
EQUITY			
Issued capital	4	20,983,244	18,002,700
Accumulated losses		(5,561,455)	(4,784,480)
Reserves		1,632,039	1,370,469
TOTAL EQUITY		<u>17,053,828</u>	<u>14,588,689</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 2016**

	Attributable to equity holders of the company			
	Contributed	Accumulated	Other	Total
	Equity	Losses	Reserves	Equity
	\$	\$	\$	\$
At 1 July 2016	18,002,700	(4,784,480)	1,370,469	14,588,689
Total comprehensive loss for the half-year	-	(776,975)	-	(776,975)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	2,992,000	-	-	2,992,000
Issue of options	-	-	261,570	261,570
Share issue costs	(11,456)	-	-	(11,456)
At 31 December 2016	20,983,244	(5,561,455)	1,632,039	17,053,828
At 1 July 2015	17,942,191	(4,439,203)	1,187,177	14,690,165
Total comprehensive loss for the half-year	-	(12,687)	-	(12,687)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issue of share capital	19,000	-	-	19,000
Issue of Options	-	-	159,655	159,655
Share issue costs	(1,654)	-	-	(1,654)
At 31 December 2015	17,959,537	(4,451,890)	1,346,832	14,854,479

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 2016

	Notes	Consolidated Entity	
		31-Dec	31-Dec
		2016	2015
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(390,772)	(476,918)
Interest received		22,624	32,140
Net cash outflow from operating activities		<u>(368,148)</u>	<u>(444,778)</u>
Cash flows from investing activities			
Payments for mineral exploration		(1,659,088)	(1,966,617)
Payment of security deposits		(40,000)	(81,500)
Refund of security deposits		-	118,000
Payments for purchase of property, plant and equipment		(36,416)	(35,214)
Proceeds from sale of property, plant and equipment		5,000	-
Proceeds received under farm-out agreement	2	598,211	1,488,796
Net cash outflow from investing activities		<u>(1,132,293)</u>	<u>(476,535)</u>
Cash flows from financing activities			
Proceeds from issue of shares and options		2,992,000	19,000
Share issue costs		(11,456)	(1,654)
Net cash inflow from financing activities		<u>2,980,544</u>	<u>17,346</u>
Net increase/(decrease) in cash and cash equivalents		1,480,103	(903,967)
Cash and cash equivalents at the start of the half-year		1,859,028	2,974,741
Cash and cash equivalents at the end of the half-year		<u>3,339,131</u>	<u>2,070,774</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 2016 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 2016 and any public announcements made by Peel Mining Limited during the interim reporting period in accordance with continuous disclosure requirements.

At 31 December 2016 and for the half-year then ended, there were no new accounting standards or amendments to accounting standards which impacted on the Group's half year report. The Group did not early adopt any accounting standards or amendments to accounting standards which have been finalised but are not yet effective.

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

In 2014, Peel Mining Limited entered into a farm-in by Japanese Oil, Gas & Metals National Corporation (JOGMEC) to the Group's Cobar Superbasin Project (CSP). During the current year JOGMEC completed its stage 1 commitment of \$4,000,000 earn-in to acquire a 40% interest in the project. This interest has yet to be taken up and JOGMEC has progressed onto stage 2 where by spending \$3,000,000 it has the right to earn an additional 10%. Once stage two is completed JOGMEC has the right to exercise its interest in 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 at which the interest is taken up. Of the cash held by Peel Mining Limited, \$117,330 is to be used on the Cobar Superbasin Project under JOGMEC's farm-in arrangement. Due to the fact that the farm-in arrangement requires unanimous consent from both parties for all relevant activities, the parties to the farm-in contractually have joint control and therefore the farm-in is classified as a joint operation.

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

	Dec 2016 \$	Dec 2016 \$	Dec 2016 \$	Dec 2016 \$
	Peel Mining	Mallee Bull	CSP	Total
Reportable segment (loss)	(80,517)	-	-	(80,517)
Segment assets	9,245,886	4,619,668	4,610,335	18,475,889
	Dec 2015 \$	Dec 2015 \$	Dec 2015 \$	Dec 2015 \$
	Peel Mining	Mallee Bull	CSP	Total
Reportable segment profit	103,200	-	-	103,200
Segment assets	8,638,424	4,216,324	2,412,251	15,266,999
Reconciliation of reportable segment (loss)				
	Dec Consolidated 2016	Dec Consolidated 2015		
Reportable segment (loss)/ profit	(80,517)	103,200		
Interest and other income	29,096	32,140		
Corporate expenses	(725,554)	(626,435)		
Loss before tax	(776,975)	(491,095)		

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Reconciliation of reportable segment (assets)

Reportable segment assets	18,475,889	15,266,999
Cash	3,339,131	2,070,774
Unallocated Assets	727,662	688,982
Unallocated Liabilities	(5,488,854)	(3,172,276)
Net Assets	17,053,828	14,854,479

4. Contributed equity

<i>Movements in ordinary issued capital</i>	Number of Shares	\$
Balance at 1 July 2016	132,585,969	18,002,700
Shares issued under placement (net of share issue costs)	18,700,000	2,980,544
Balance at 31 December 2016	151,285,969	20,983,244

Movements in ordinary issued capital

Balance at 1 July 2015	132,485,969	17,942,191
Exercise of options (net of share issue costs)	100,000	17,346
Balance at 31 December 2015	132,585,969	17,959,537

31-Dec 2016	30-Jun 2016
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5. Exploration expenditure

At cost	17,417,421	15,100,555
<i>Reconciliations</i>		
Opening balance	15,100,555	12,211,903
Acquisition of exploration lease	-	40,000
Additions	2,461,602	3,763,343
Written off during the period	(144,736)	(145,309)
Research and development tax incentive	-	(769,383)
Closing net book amount	17,417,421	15,100,555

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 2016	30-June 2016
			%	%
Peel Environmental Services Limited	Australia	Ordinary	100	100
Apollo Mining Pty Ltd	Australia	Ordinary	100	100
Peel (CSP) Pty Ltd	Australia	Ordinary	100	100

7. Contingencies

The Group had no contingent assets or liabilities for the half-year ended 31 December 2016.

8. Related Parties

Transactions with related parties

During the financial period the Group paid \$31,999 (2015: \$31,534) for head office rental and on charges to RIU Pty Ltd, a company controlled by Mr S Hadfield.

During the period 3 million share options were granted to Peel Mining Limited's directors. These were ratified at the company's AGM and granted on 28 November 2016. Each option has an exercise price of 21.6 cents per share.

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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 2016	31-Dec 2016
	Number	Value (\$)
Options granted to employees (pro-rated due to vesting conditions)	1,000,000	51,825
Options granted to directors	3,000,000	195,328
Expense attributed with vesting of options granted in prior period	-	14,417
Total	<u>4,000,000</u>	<u>261,570</u>
	31-Dec 2015	31-Dec 2015
	Number	Value (\$)
Options granted to employees (pro-rated due to vesting conditions)	1,200,000	56,755
Options granted to Non-executive directors	1,000,000	90,819
Expense attributed with vesting of options granted in prior period	-	12,081
Total	<u>2,200,000</u>	<u>159,655</u>

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 2016 was 8 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 2015 was 9 cents per option. The options vested immediately and hence were not prorated. 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 2016 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	20.3 cents	22.3 cents	22.3 cents
(c) Grant Date	10 October 2016	28 November 2016	28 November 2016
(d) Expiry Date	10 October 2019	28 November 2019	28 November 2019
(e) Share Price at Grant Date	15 cents	16.5 cents	16.5 cents
(f) Expected Price Volatility	100%	100%	100%
(g) Expected Dividend Yield	0.00%	0.00%	0.00%
(h) Risk-free interest rate	1.68%	1.89 %	1.89 %

10. Income tax expense

	31-Dec 2016	31-Dec 2015
Current tax	-	-
Deferred tax	-	(478,408)
Numerical reconciliation of income tax to prima facie tax payable:		
Loss from continuing operations before income tax	(776,975)	(491,095)
At the statutory income tax rate of 30% (2015: 30%)	(233,092)	(147,328)
Expenditure not allowed for income tax purposes:		
Non-deductible expenses	123,131	48,252
Adjustments for current tax of prior periods	-	(379,332)
Tax losses not brought to account	109,961	-
Income tax benefit reported in the statement of profit and loss and other comprehensive income	<u>-</u>	<u>(478,408)</u>

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11. Events occurring after the Reporting date

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

12. Dividends

No dividends were paid during the period.

13. 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.

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 2016 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
10 March 2017



Auditor's Independence Declaration

As lead auditor for the review of Peel Mining Limited for the half-year ended 31 December 2016, 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', is written over a light grey horizontal line.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
10 March 2017

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.



Independent auditor's review report to the shareholders 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 2016, the consolidated statement of changes in equity, the consolidated statement of cash flows and the consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Peel Mining Limited Group (the consolidated entity). The consolidated entity 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 consolidated entity's financial position as at 31 December 2016 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*.

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Independent auditor's review report to the shareholders of Peel Mining Limited (continued)

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 consolidated entity's financial position as at 31 December 2016 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 cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Ben Gargett'.

Ben Gargett
Partner

Perth
10 March 2017