



Annual Report
for the Financial Year ended 30 June 2013

PEEL MINING LIMITED
& CONTROLLED ENTITIES

ABN 42 119 343 734

Corporate Directory

Directors

Simon Hadfield – Chairman
Rob Tyson – Managing Director
Graham Hardie – Non-executive Director

Company Secretaries

Ryan Woodhouse

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Stock Exchange Listing

Securities of Peel Mining Limited are listed on the Australian Securities Exchange (ASX)
ASX Code: PEX

ACN: 119 343 734

Share Registry

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Website

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Chairman's Report

Dear Shareholder,

I am happy to report that Peel Mining Limited made significant advances in the 2012/13 year.

The major achievement was the consolidation of the Mallee Bull project near Cobar in New South Wales as a major copper discovery. More than 10,000 metres of diamond drilling at Mallee Bull returned some outstanding results, including 84 metres @ 4.42% copper, 38 g/t silver and 0.14 g/t gold from 575m and many other very high-grade intersections. Copper mineralisation now extends from about 150m below surface to more than 700m below surface.

This programme of drilling followed the execution in July 2012 of a farm-in agreement with CBH Resources Limited, a subsidiary of Tokyo-listed Toho Zinc, under which CBH would spend \$8.33 million in three stages to earn 50% of the Mallee Bull project. In July 2013 CBH elected to proceed with the final stage, which involves spending \$3.33 million on exploration in the current 12-month period to increase its stake in Mallee Bull to 50%.

It is planned that this current round of exploration will test for further extensions of the Mallee Bull deposit and also test other anomalies and prospects nearby. It is anticipated that a maiden resource estimate for Mallee Bull will be completed by about the end of the current financial year and that work will have begun to investigate mining scenarios and options. Cobar-style deposits are typically deep, pipe-like structures, often occurring as a cluster of lenses, similar to the Glencore-Xstrata-owned, 140-year-old CSA copper mine at Cobar, which is the richest copper mine in Australia.

During the year, Peel also consolidated its ground holdings around the Mallee Bull tenement, with further pegging and the purchase of new tenure giving the Company one of the largest landholdings in the region with more than 3,000 km². Your company is now carrying out systematic surveying, mapping and soil sampling over its new 100%-owned tenements located near Mallee Bull, working up new targets for further investigation in what your board regards as one of Australia's best exploration addresses.

We would like to thank our partner CBH/Toho Zinc for their excellent contribution towards achieving our common goal of success over the past year and look forward to a long and prosperous cooperative partnership.

During the year, Peel raised significant new capital, predominantly through placements to institutional investors, and at 30 June 2013 had cash of approximately \$6.2 million. In this respect, Peel's board welcomes Acorn Capital, Playtpus Asset Management and the many other retail and professional investors who are reading this report for the first time.

Accordingly, Peel is now in a strong financial position, able to contribute to funding the advancement of Mallee Bull once CBH reach 50% ownership, as well as the systematic exploration of Peel's 100%-owned tenure. It is anticipated that in the coming year, Peel will carefully use shareholder's capital to explore its Cobar Superbasin Project and also to complete further exploration at its Apollo Hill gold project in Western Australia, its high-grade Attunga tungsten project in northern New South Wales and its Rise and Shine gold project in New Zealand.

I would like to thank Peel's Managing Director Mr Rob Tyson and our excellent technical and practical team for a great effort during what can only be described as a very successful year. I would also like to thank my fellow non-executive director Graham Hardie for his staunch support and enthusiasm during the year and also non-executive director Craig McGown, who retired during the year, for his strong input and help.

The past year has been challenging for many investors and companies involved in the resources sector. I can assure you, however, that your board does not take your Companies' successes for granted and intends navigating Peel through these trying times to a prosperous and robust future.

I look forward to a successful 2013/14 year.

Yours sincerely



Simon Hadfield
CHAIRMAN

30th September 2013

Review of Operations

Background

At September 2013, Peel held six key mineral projects comprising granted exploration licences and licences under application.

- **Gilgunnia** (EL7461 and ML1361) containing the Mallee Bull copper-polymetallic discovery and the May Day polymetallic deposit (located on a 100 hectare mining lease). The tenure also hosts the historic Gilgunnia and 4-Mile goldfields. Exploration during the reporting period confirmed Mallee Bull as a major copper discovery; one of the region's most important discoveries in recent times. Drilling results returned from Mallee Bull during the year were amongst some of the highest grade copper intersections reported in the world. Mallee Bull bears many similarities to other major Cobar-style deposits, including the CSA mine, Australia's highest grade copper mine. During the year, CBH Resources Limited, a wholly-owned subsidiary of Tokyo Stock Exchange-listed Toho Zinc, commenced earning up to 50% of the Gilgunnia project through total staged expenditure of \$8.33 million. At June 2013, CBH elected to proceed with the final stage of earn-in through spending \$3.33 million.
- **Cobar Superbasin Project (CSP)** is a package of tenements (ELs and ELAs) covering more than 3,000 km² of prospective stratigraphy within the Cobar Superbasin. The tenements are considered prospective for Cobar-style and VHMS polymetallic deposits. The package includes EL7519, which abuts EL7461 (Gilgunnia) and was purchased from Oz Minerals Ltd, and EL7403 immediately north of Mallee Bull. EL7519 contains several strong magnetic anomalies which Peel believes have not been adequately tested. EL7403 contains the Sandy Creek prospect, which Peel believes is analogous to Mallee Bull at an early stage of exploration, as well as several other historic copper prospects which have received minimal exploration attention. The package also hosts the Mundoe prospect where drilling by Peel during the year returned significant base and precious metal values. During the year, Peel commenced a major programme of geochemical sampling over prospective areas to assist in prioritisation in advance of drill testing.
- **Apollo Hill** contains two significant gold deposits – Apollo Hill and the Ra Zone – for an inferred resource estimate of 505,000 oz gold. These deposits exhibit the hallmarks of a major mineralised Archean system, showing extensive and intense hydrothermal alteration and deformation. During the year, substantial metallurgical testwork was completed examining the characteristics of Apollo Hill ore. This work was undertaken as a pre-cursor to looking at Apollo Hill's potential from a heap-leach gold operation perspective.
- **Rise and Shine** contains multiple workings associated with the Rise and Shine Shear Zone, and the Cromwell Lode in the nearby Bendigo Goldfield. The Rise and Shine Shear Zone is considered structurally similar to the Hydes-Macraes Shear Zone that hosts the multi-million ounce Macraes gold mine, while the Cromwell lode has produced about 150,000 oz grading about 10 g/t gold.
- **Ruby Silver** contains numerous historic silver and gold mines/workings/prospects including the very high grade Ruby and Tulloch silver mines. Hydrothermal mineralisation associated with quartz/carbonate veins containing narrow silver-rich (up to 60,000 g/t) massive sulphide pods and shoots.
- **Attunga** contains numerous historic gold, tungsten, molybdenum and copper mines/workings/prospects. Peel has outlined a high-grade tungsten-molybdenum resource at the Attunga Tungsten Deposit (1.29 Mt at 0.61% WO₃ and 0.05% Mo), and also identified significant gold mineralisation at the Kensington gold prospect, and gold-copper-molybdenum mineralisation at the Attunga Copper Mine prospect.



Figure 1 – Peel Mining Chief Geologist Michael Oates and DDH1's Shorty

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Details on Assets

Gilgunnia/Mallee Bull Project

The Gilgunnia/Mallee Bull project, located about 100km south of Cobar in western NSW, contains the Mallee Bull copper-polymetallic discovery, the May Day polymetallic deposit and the historic Gilgunnia and 4-Mile goldfields. During the year, Peel and CBH Resources Limited commenced an agreement, under which CBH Resources has the right to earn up to 50% of the Gilgunnia project through staged expenditure of \$8.33 million. Further information is provided below.

Exploration over the reporting period has focused on the Mallee Bull copper-polymetallic discovery where exploration during the reporting period has confirmed Mallee Bull as a major copper discovery; one of the region's most important discoveries in recent times. Mallee Bull was initially recognised in January 2011, when a strong electromagnetic (EM) and coincident magnetic anomaly was identified in the 4-Mile Goldfield following an airborne EM survey (VTEM). Investigation commenced immediately culminating in the discovery of multiple zones of strong polymetallic (Au-Ag-Cu-Pb-Zn) mineralisation including massive sulphides. Further information is provided below.

Mallee Bull Discovery and CBH Resources Farm-in

In late 2010, an airborne electromagnetic geophysical survey (VTEM) was flown over the May Day and 4-Mile/Butchers Dog areas. Butchers Dog is a discrete, relatively large, 20nT magnetic anomaly located to the immediate north of the historic 4-Mile goldfield. In early 2011, interpretation of the data resulted in the recognition of a coincident late time conducting anomaly and magnetic high. The Mallee Bull anomaly is proximal to the historic 4-Mile goldfield area, a series of surface and underground gold workings located about 10 km east of the May Day deposit

Peel completed a ground-based geophysical (fixed-loop TEM) survey which confirmed the existence of a moderate-strong conductor and in March 2010, a programme of three RC drillholes for a total of 663m targeting the geophysical anomaly was completed. This drilling resulted in the discovery of strongly anomalous polymetallic (gold-silver-copper-lead-zinc) mineralisation in all three drillholes. Accessory sulphide minerals observed included pyrrhotite, pyrite, and arsenopyrite.

Systematic exploration followed and involved several rounds of additional drilling (4 more RC drillholes plus a diamond tail) and several downhole geophysical (DHEM) surveys. This work culminated in discovery drillhole 4MRC007 intersecting multiple zones of strong copper-dominated polymetallic mineralisation including massive sulphides. In late August 2011, Peel announced that drillhole 4MRCDD006 intersected a 10m zone of massive sulphide averaging more than 20% combined lead-zinc plus silver-gold, and a 6.65m semi-massive zone averaging better than 3% copper plus silver-gold. Mineralisation included chalcopyrite, sphalerite, galena, pyrrhotite, pyrite, and arsenopyrite.

Mallee Bull is interpreted to be positioned in a favourable geological and structural position, sited on the "nose" of an anticline – a suitable high-stress environment, and occurring in a geological sequence of turbidite and volcanoclastic sediments interpreted to be age equivalent of the Chesney and Great Cobar Slate Formations found in the immediate Cobar region. Mineralisation occurs either as massive sulphide or breccia/stringer styles and occurs within a package of brecciated volcanoclastic and turbidite sediments comprising siltstones and mudstones and is interpreted as occurring as a shoot-like structure dipping moderately to the west. Drill intercepts in Table 1 are construed as being close to true width.

In September and October 2011, Peel completed further ground-based geophysics including high-resolution magnetics and gravity surveys, and additional downhole and fixed loop EM surveys. In February 2012, Peel completed a Phase 1 follow-up 5,817m RC/diamond drilling programme designed to test along strike and down dip of previously intersected mineralisation. Drilling was carried out on an approximate 40m by 40m grid pattern and comprised a series of RC and RC pre-collar/diamond tail drillholes.

Most drillholes intersected zones of copper-polymetallic mineralisation comprising intervals of massive sulphide and/or stringer mineralisation, including visible chalcopyrite, sphalerite and galena with accessory sulphide minerals including pyrrhotite, pyrite, and arsenopyrite. See Peel's 2012 Annual Report for a full list of assay data.

In May 2012, Peel and CBH Resources Limited reached an agreement, under which CBH Resources has the right to earn up to 50% of the Gilgunnia project through staged expenditure of \$8.33 million. CBH, which is wholly-owned by Tokyo Stock Exchange-listed Toho Zinc Co. Ltd, is an Australian-based mineral resources company producing zinc, lead and silver from the Endeavour Mine north of Cobar and the Rasp mine at Broken Hill. CBH brings a wealth of technical expertise and resources to Mallee Bull, particularly with regards to mining and development.

The key terms of the Farm-in Agreement between Peel and CBH are:

- Agreement covers all of the May Day-Gilgunnia project assets (ML1361 and EL7461) including Mallee Bull copper-polymetallic discovery.
- Peel to be responsible for exploration activities (operator).

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- Stage 1 of the Farm-in sees CBH earn a 15% interest in the project by making a payment of \$1 million to Peel (received July 2012) as contribution to past expenditure and by contributing \$1.5 million to eligible exploration expenditure within a 12 month period (completed).
- Stage 2 of the Farm-in sees CBH (at its election) earn an additional 15% interest in the project (30% total interest) by contributing a further \$2.5 million to eligible exploration expenditure within a 12 month period (completed).
- Stage 3 of the Farm-in sees CBH (at its election) earn an additional 20% interest in the project (50% total interest) by contributing a further \$3.33 million to eligible exploration expenditure within a 12 month period (underway as at September 2013).
- CBH may elect to form a joint venture at the end of any stage and the parties can then elect to contribute on pro-rata basis or be diluted according to an industry-standard dilution formula.

Phase 2 Exploration

In July 2012, diamond drilling recommenced at Mallee Bull, as part of Stage 1 of CBH Resources' \$8.3m farm-in. This Phase 2 exploration was completed by November 2012 and comprised 4,822m of diamond drilling targeting down-dip/plunge mineralisation. Highly encouraging results were returned. The following is summary of the drilling results:

Drillhole MBDD001, drilled at the southern extent of Mallee Bull, returned 5m at 0.85% Cu, 9 g/t Ag, 0.62 g/t Au and 248 g/t Co from 431m and 3m at 1.07% Cu, 30 g/t Ag, 2.09 g/t Au, and 49 g/t Co from 447m.

Drillhole MBDD002 (80m north of MBDD001) intersected a broad zone of mineralisation with a cumulative intercept of **72m at 3.51% CuEq* (2.11% Cu, 41 g/t Ag, 1.13 g/t Au, 384 g/t Co)** comprising two discrete zones of mineralisation – a massive sulphide zone of 41m at 1.71% Cu, 33 g/t Ag, 1.84 g/t Au, 616 g/t Co from 363m and a stringer/breccia sulphide zone of 31m at 2.65% Cu, 51 g/t Ag, 0.18 g/t Au, 78 g/t Co from 415m.

Drillhole MBDD003 (140m north of MBDD001) returned a cumulative intercept of **58m at 3.15% CuEq* (2.36% Cu, 44 g/t Ag, 0.30 g/t Au, 97 g/t Co)** comprising four zones of mineralisation – 10m at 1.12% Cu, 47 g/t Ag, 0.95 g/t Au, 377 g/t Co from 367m; 12m at 1.58% Cu, 39 g/t Ag, 0.14 g/t Au, 39 g/t Co from 386m; 14m at 1.92% Cu, 56 g/t Ag, 0.30 g/t Au, 37 g/t Co from 409m; and 22m at 3.62% Cu, 38 g/t Ag, 0.09 g/t Au, 40 g/t Co from 444m.

Drillhole MBDD004 (40m north of MBDD001) returned a thick zone of massive and stringer sulphide mineralisation comprising **42m at 1.99% CuEq* (1.01% Cu, 23 g/t Ag, 0.91 g/t Au, 250 g/t Co) from 356m.**

Drillhole MBDD005 (40m north of MDD001) was designed to test down dip of MBDD004 however, swung substantially off-section to the south. Several moderate zones of mineralisation were returned comprising – 5m at 1.75% Cu, 31 g/t Ag, 0.21 g/t Au, 110 g/t Co from 414m and 5m at 1.44% Cu, 68 g/t Ag, 0.34 g/t Au, 46 g/t Co from 421m.

Drillhole MBDD006 (100m north of MBDD001) returned a cumulative intercept of **51m at 2.19% CuEq* (1.45% Cu, 26 g/t Ag, 0.54 g/t Au, 162 g/t Co)** comprising three zones of mineralisation – 7m at 1.09% Cu, 29 g/t Ag, 1.74 g/t Au, 520 g/t Co from 396m; 13m at 1.91% Cu, 31 g/t Ag, 0.12 g/t Au, 44 g/t Co from 405m; and 31m at 1.90% 1.61% Cu, 13 g/t Ag, 0.17 g/t Au, 52 g/t Co from 444m.

Drillhole MBDD007 (60m north of MBDD001) designed for downhole EM geophysics and as a platform for wedge drilling intersected strong alteration from ~580m below surface with moderate mineralisation returned – 4 m at 26 g/t Ag, 0.11 g/t Au, 0.98% Pb, 1.58% Zn from 584m; 4m at 75 g/t Ag, 0.91 g/t Au, 1.82% Pb from 617m; and 4m at 1.55% Cu, 10 g/t Ag, 0.14 g/t Au, 132 g/t Co from 647m.

Drillhole MBDD008 (140m north of MBDD001), designed to test down dip from MBDD003, intersected 35m of semi-massive-to-massive pyrite-pyrrhotite-galena-sphalerite-chalcopyrite sulphide mineralisation from 374m followed by several zones of variable pyrrhotite-chalcopyrite stringer/breccia mineralisation from 442m. Significant assays returned included **35m at 3.42% Pb, 1.51% Zn, 0.65% Cu, 54 g/t Ag, 1.16 g/t Au, 318 g/t Co from 374m**; 8m at 1.23% Cu, 12 g/t Ag, 0.09 g/t Au) from 461m; 21m at 1.48% Cu, 24 g/t Ag, 0.25 g/t Au) from 479m; and 4m at 3.93 g/t Au from 504m.

Drillhole MBDD009 (80m north of MBDD002) was designed to test a very strong conductor centred at ~500m below surface as defined by downhole EM. MBDD009 intersected a broad zone of variable stringer/breccia chalcopyrite-pyrrhotite sulphide mineralisation from 533m that assayed **69m at 4.01% CuEq* (3.48% Cu, 34 g/t Ag, 0.14 g/t Au) from 533m** including a high grade zone of 18m @ 10.69% Cu Eq* (9.35% Cu, 83 g/t Ag, 0.43 g/t Au) from 542m. This intercept is the most significant to date and, coupled with the results from other Phase 2 drilling, indicates that mineralisation at Mallee Bull is possibly increasing in width and tenor at deeper levels.

The true width of mineralisation intersected in Phase 2 drilling is estimated to be about 55-65% of the downhole intervals, except for MBDD007 and MBDD009 where the true-width is estimated to be about 40-45% of the downhole intervals.

See Table 1 for a summary of Phase 2 drilling results.

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Table 1 – Phase 2 Mallee Bull Significant Drill Assay Results

Hole ID	Northing	Easting	Azi	Dip	Final Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Ag (g/t)	Au (g/t)	Co (g/t)	Pb (%)	Zn (%)					
MBDD001	6413290	415162	090	-81	489.9	431	436	5	0.85	9	0.62	248	0.09	0.05					
						447	450	3	1.07	30	2.09	49	0.46	0.37					
MBDD002	6413370	415167	090	-77	468.8	363	404	41	1.71	33	1.84	616	0.15	0.06					
						including					381	383	2	2.31	38	2.09	605	0.15	0.08
						and					391	404	13	3.11	52	1.59	829	0.18	0.08
						415	446	31	2.65	51	0.18	78	0.74	0.52					
						418	430	12	4.06	64	0.21	92	0.97	0.65					
						433	439	6	3.35	100	0.38	79	1.41	0.93					
MBDD003	6413430	415172	090	-76	507.8	367	377	10	1.12	47	0.95	377	1.51	1.11					
											386	398	12	1.58	39	0.14	38	0.77	0.50
											409	423	14	1.92	56	0.30	37	0.10	0.04
											444	466	22	3.62	38	0.09	40	0.40	0.04
						453	464	11	5.40	55	0.11	39	0.49	0.06					
MBDD004	6413330	415160	090	-76	453.9	356	398	42	1.01	23	0.91	250	0.20	0.10					
						including					384	398	14	2.53	30	0.38	265	0.16	0.08
MBDD005	6413330	415158	090	-81	474.8	414	419	5	1.75	31	0.21	110	0.10	0.10					
											421	426	5	1.44	68	0.34	46	0.11	0.42
MBDD006	6413394	415165	090	-83	486.9	396	403	7	1.09	29	1.74	520	0.19	0.10					
											405	418	13	1.91	31	0.12	44	0.25	0.15
											444	475	31	1.61	13	0.17	52	0.08	0.03
MBDD007	6413350	415162	090	-90	771.8	584	588	4	0.03	26	0.11	12	0.98	1.58					
											617	621	4	0.07	75	0.91	24	1.82	0.02
											647	651	4	1.55	10	0.14	132	0.07	0.03
MBDD008	6413430	415170	090	-83	525.8	374	409	35	0.65	54	1.16	318	3.42	1.51					
						including					394	409	15	0.78	73	0.74	289	7.27	3.01
											461	469	8	1.23	12	0.09	34	0.18	0.05
											479	500	21	1.48	24	0.25	39	0.01	0.05
						504	508	4	0.07	2	3.93	26	0.02	0.01					
MBDD009	6413370	415163	090	-87	642.8	457	463	6	0.06	70	0.13	18	1.56	3.10					
											499	503	4	0.19	21	0.67	121	0.46	0.19
											533	602	69	3.48	34	0.14	28	0.23	0.05
						including					542	560	18	9.35	83	0.43	37	0.30	0.07
including					547	551	4	17.99	143	0.39	38	0.23	0.10						

Phase 3 Drilling

In February 2013, Phase 3 Exploration (Stage 2 of the Mallee Bull farm-in agreement) commenced. This drilling was completed by June 2013 and predominantly targeted down-dip/plunge mineralisation. Further strong results were returned. The following is summary of the drilling results:

Drillhole MBDD009W1 was designed to test a large gap in drillhole spacing, intersecting ~60m downdip from drillhole MBDD002. MBDD009W1 confirms the continuation of high-grade copper mineralisation between MBDD002 and MBDD009. Important mineralisation occurred as a broad zone of stringer/breccia chalcopyrite-pyrrhotite sulphide mineralisation returning **53m @ 4.77% CuEq* (4.08% Cu, 42 g/t Ag, 0.22 g/t Au) from 470m**. Within the stringer/breccia zone is an interval of intense chalcopyrite-rich sulphide mineralisation that returned 12m @ 9.13% Cu, 86 g/t Ag, 0.33 g/t Au (10.46% Cu Eq*) from 472. The true width of the mineralised zones in drillhole MBDD009W1 is interpreted to be ~50% of the downhole intercepts.

Drillhole MBDD009W2 was designed to test a strong DHEM response estimated to be centred ~50m to the north, and about 570m downhole of drillhole MBDD009. Drillhole MBDD009W2 intersected several zones of mineralisation: a 3m zone of semi-massive pyrite-pyrrhotite-dominant sulphide mineralisation returning 0.08% Cu, 18 g/t Ag, 0.85 g/t Au, 257 ppm Co from 484m; a 24m zone of massive pyrite-pyrrhotite-dominant sulphide mineralisation averaging 0.39% Cu, 33 g/t Ag, 1.39 g/t Au, and 310 g/t Co from

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494m; and a 21m zone of variable chalcopyrite-pyrrhotite stringer/breccia mineralisation returning 2.22% Cu, 40 g/t Ag, 0.11 g/t Au from 706m. The true width of the above mineralised zone is estimated to be ~40% of the downhole width.

Drillhole MBDD009W2W1, designed to test a strong DHEM conductor, intersected several zones of important mineralisation: a zone of pyrite-pyrrhotite-rich massive sulphides returning 11m @ 0.55% Cu, 1.62 g/t Au, 24 g/t Ag and 124 g/t Co from 496m; a broad zone of variable stringer/breccia sulphide mineralisation returning **84m @ 4.42% Cu, 38 g/t Ag, 0.14 g/t Au from 575m** including a zone of intense chalcopyrite-dominant mineralisation returning **26m @ 11.39% Cu, 80 g/t Ag, 0.20 g/t Au from 626m**, and a zone of quartz-healed breccia with lesser chalcopyrite-dominant sulphide mineralisation from 666m which included 6m @ 0.7% Cu, 15 g/t Ag, 0.13 g/t Au from 669m. The zone of mineralisation at 575m represents the highest grade mineralisation intercepted at Mallee Bull to date, and is positioned ~60m down dip of mineralisation in MBDD009. The true width of the intercepts is estimated at about 35-40% of the downhole intercept.

Drillhole MBDD009W3 was designed to test for a southerly extension to mineralisation at ~500m below surface and intersected a 10m zone of strong mineralisation: **10m @ 4.54% Cu, 31 g/t Ag, 0.13 g/t Au from 502m**, with the true width of the mineralised zone estimated to be ~6m.

Drillholes MBDD011 and MBDD011W1 were drilled from a footwall position and were designed to test a broad strong chargeability anomaly located to the east of Mallee Bull and to test for mineralisation at deeper levels within Mallee Bull. Drillhole MBDD011 intersected a highly altered and sheared zone interpreted as a possible “feeder” structure. Peel is encouraged by the presence of such a zone and notes that Cobar-style deposits typically “pinch and swell” and generally occur as clustered and stacked bodies.

A 9 hole RC drilling programme for a total 1,621m was completed within EL7461 in April 2013, testing several newly discovered IP anomalies as well as several areas of anomalous geochemistry. Several drillholes returned anomalous geochemistry however results were generally not significant. See Table 2 for a summary of Phase 3 drilling results.



Figure 2 – Peel Mining’s Alister Janetzki geochemical sampling

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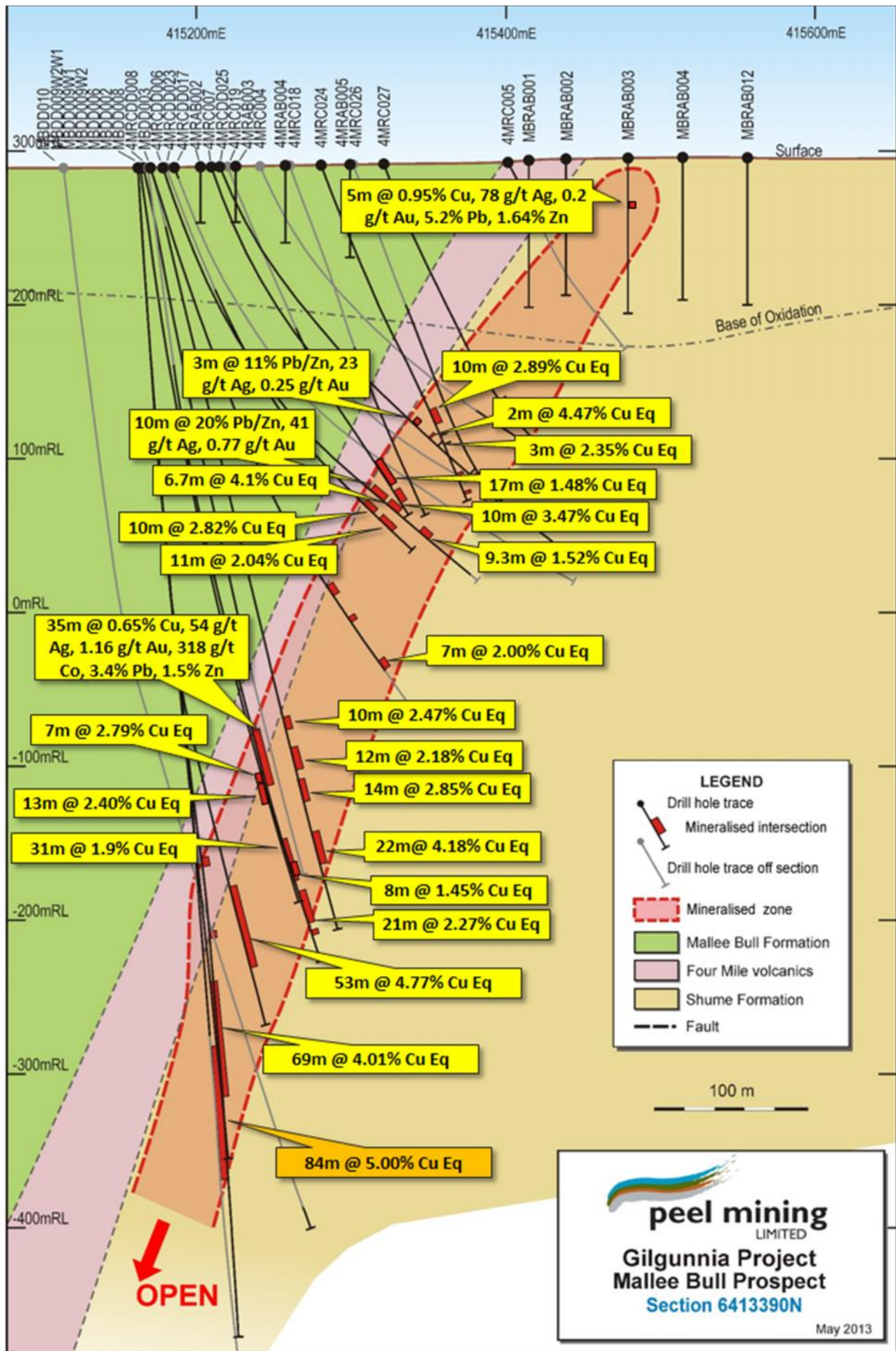


Figure 3 – Mallee Bull Section 6413390N

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Drilling completed to date indicates that high-grade copper-dominant polymetallic sulphide mineralisation at Mallee Bull has a strike length of ~120m, comes to within 150m of surface, and now extends to at least 700m below surface and is open in multiple directions. At the time of writing, Phase 4 exploration (Stage 3 of the Mallee Bull farm-in agreement) was underway with an initial focus on testing for potential additional mineralised bodies in close proximity to Mallee Bull.

Table 2 – Phase 3 Mallee Bull Significant Drill Assay Results

Hole ID	Northing	Easting	Azi	Dip	Final Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Ag (g/t)	Au (g/t)	Co (g/t)	Pb (%)	Zn (%)
MBDD009W1	6413369	415162	095	-87	567.8	470	523	53	4.08	42	0.22	-	0.30	0.05
including						472	484	12	9.13	86	0.34	-	0.54	0.05
MBDD009W2	6413369	415162	095	-87	852.7	484	487	3	0.08	18	0.85	257	0.35	0.31
						494	518	24	0.39	33	1.39	310	0.32	0.22
						706	727	21	2.22	40	0.11	-	-	-
MBDD009W2W1	6413369	415162	095	-87	760.7	496	507	11	0.55	24	1.62	124	0.29	0.23
						575	659	84	4.42	38	0.14	-	0.1	-
including						626	652	26	11.39	80	0.20	-	0.11	-
						669	675	6	0.7	15	0.13	-	-	-
MBDD009W3	6413369	415162	095	-87	610.1	456	461	5	-	25	0.11	-	0.8	1.60
						502	512	10	4.53	31	0.13	-	-	-
MBDD010	6413626	415115	151	-77	735.8	512	515	3	0.11	24	-	-	2.21	5.42
						634	666	32	3.62	46	0.21	-	-	-
MBDD010W1	6413626	415115	151	-77	736.3	709	714	5	1.12	10	-	-	-	-
MBDD011	6413522	415815	244	-65	1195.8	996	1000	4	0.43	6	0.13	-	-	-
MBDD011W1	6413522	415815	244	-65	1192.8	-	-	-	-	-	-	-	-	-
MBRC-LOO	6412980	415335	0	-90	25	-	-	-	-	-	-	-	-	-
MBRC001	6413248	415495	0	-90	109	-	-	-	-	-	-	-	-	-
MBRC002	6412444	415281	0	-90	109	-	-	-	-	-	-	-	-	-
MBRC003	6413038	416172	0	-90	120	-	-	-	-	-	-	-	-	-
MBRCDD004	6413525	415401	90	-60	378.8	-	-	-	-	-	-	-	-	-
GRC001	6414819	416801	80	-60	250	-	-	-	-	-	-	-	-	-
GRC002	6414921	416832	90	-60	250	-	-	-	-	-	-	-	-	-
GRC003	6414939	415027	80	-60	250	-	-	-	-	-	-	-	-	-
GRC004	6415029	415088	79	-60	76	-	-	-	-	-	-	-	-	-
GRC005	6415102	415074	72	-60	250	-	-	-	-	-	-	-	-	-
GRC006	6415022	415090	90	-60	47	-	-	-	-	-	-	-	-	-
GRC007	6416090	415149	78	-60	250	-	-	-	-	-	-	-	-	-
GRC008	6415021	415050	80	-60	148	-	-	-	-	-	-	-	-	-
GRC009	6414940	415175	270	-60	100	-	-	-	-	-	-	-	-	-
MBWRC001	6411441	418442	0	-90	100	-	-	-	-	-	-	-	-	-
MBWRC002	6410979	419544	0	-90	64	-	-	-	-	-	-	-	-	-

Mineralogy/Metallurgy

In late 2013, Peel received the results of a preliminary mineralogical investigation utilising QEMSCAN. Initial observations indicate that the gold and silver present in the massive sulphides is primarily occurring as an electrum alloy while the copper present in the stringer/breccia zone is primarily occurring as chalcopyrite. The liberation characteristics for copper present in the stringer zone are considered encouraging with ~80% of the contained copper free or liberated at a grind size 125 microns (P100). At the time of writing, initial metallurgical testwork trials were nearing completion.

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Butcher's Dog Magnetic Anomaly

In November 2011, 3D inversion modelling was performed on the total magnetic intensity (TMI) data collected during the VTEM survey of the 4-Mile area. As a result, a 3D volume of the anomalous susceptibility was calculated. Interpretation of the data shows a large magnetic feature located about 1 km north of Mallee Bull. This feature, named the Butcher's Dog prospect, is assumed to be positioned under the axial plane of the 4-Mile anticline, with its core (susceptibility 4×10^{-3} SI) interpreted to be 500-1000m below surface. The top of the magnetic source is interpreted to be between 300-500m below surface.

In February 2012, Peel completed one deep drillhole targeting Butcher's Dog. Drillhole BDRCDD001 was drilled as a vertical hole to a depth of 680m. No satisfactory explanation for the magnetic anomaly was observed from geological logging or downhole geophysics. In late 2013, DHEM survey data collected from Butchers Dog drill hole BDRCDD001 was re-appraised, and a moderate-to strong offhole anomaly identified. The newly identified DHEM anomaly is thought to be located within 200m of the bottom of hole and correlates well with the trend of magnetic anomalism.

Peel believes that there is good potential for the Butchers Dog anomaly to be associated with mineralisation akin to that at Mallee Bull; mineralisation associated with Mallee Bull produces both magnetic and electromagnetic anomalism and exploration efforts at Mallee Bull have been successfully guided by DHEM surveys. At the time of writing, the identified conductor had had its geometry further refined with additional DHEM surveying and a single deep diamond drillhole had been completed. Results were pending.

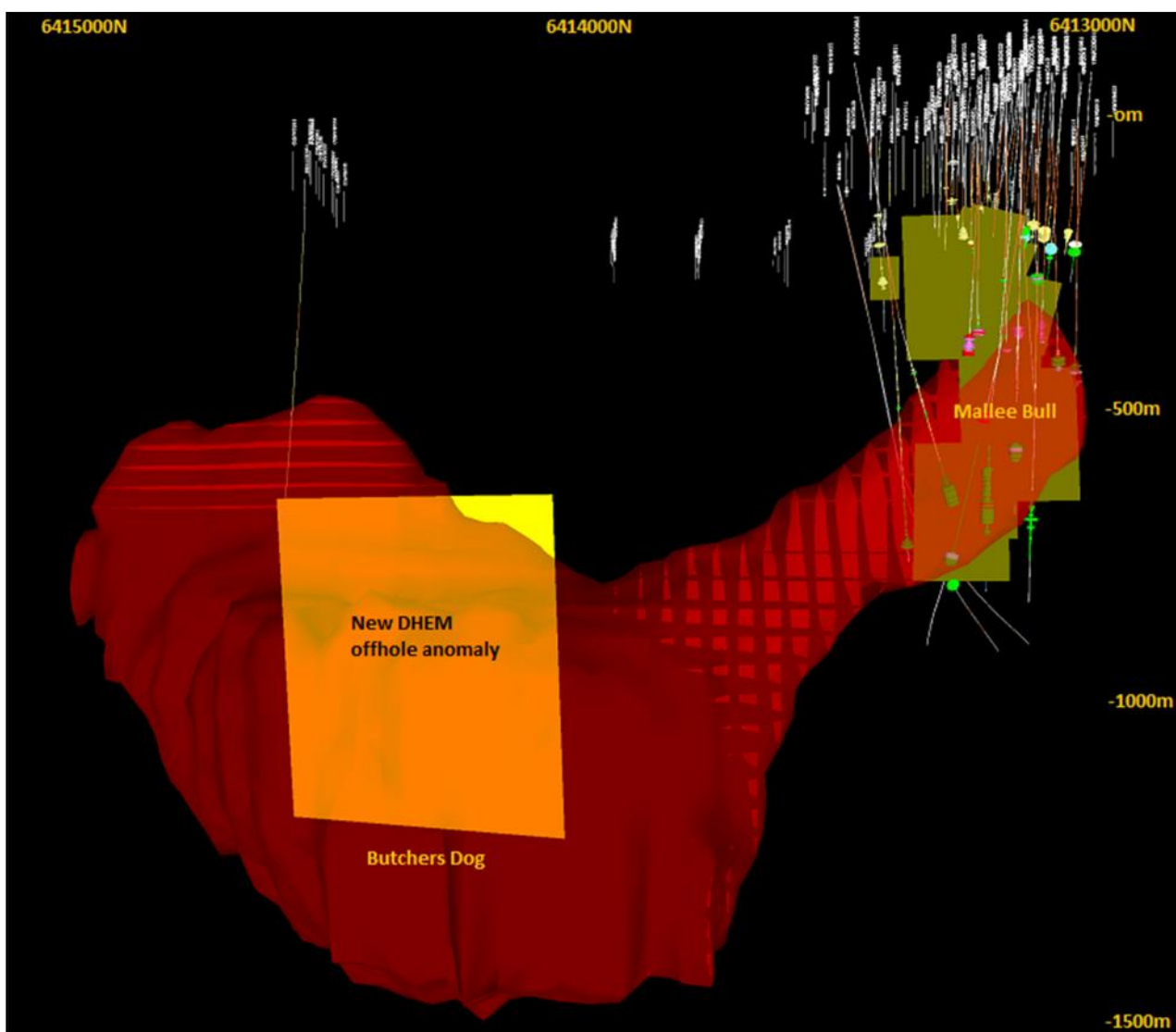


Figure 4 – Mallee Bull/Butcher's Dog 3D inversion of TMI with DHEM conductor plates

Wirchilleba Station Purchase

In April 2012, Peel secured a 12-month option-to-purchase agreement over portions of Wirchilleba Station, which includes the immediate footprint of the Mallee Bull copper-polymetallic discovery. In early 2013, Peel exercised the option to purchase the land comprised of Western Lands Lease 3456 (F/I 1339/762952) for a purchase price of \$800,000. Peel had paid an option fee of

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\$80,000 which was used as a deposit on the purchase, and subsequent to the quarter's end settlement of the sale was concluded. This purchase will provide Peel with security of tenure and land access as exploration at Mallee Bull progresses.

Information regarding drilling/assaying data

1. Drilling was completed as RC percussion or HQ or NQ diamond core.
2. Sample recoveries were considered adequate for all samples.
3. Drillcore has been logged in detail based on lithology, mineralisation, and alteration.
4. Samples for analysis were collected by splitting of RC samples or by sawing core in half.
5. Samples were submitted as 1m or 4m composites for RC sample splits or as 1m or 4m composite half-core intervals.
6. Samples were analysed at ALS Chemex utilising methods: Au-AA25 for Au (fire assay); ME-ICP41, ME-ICP61 or ME MS61 for multi-element including Ag, Cu, Pb, Zn; Ag-OG46 for >100 g/t Ag; Cu-OG46 for >1% Cu; Pb-OG46 for >1% Pb; and Zn-OG46 for >1% Zn.
7. Drillhole collars were surveyed by DGPS.
8. Downhole gyroscopic surveys were run continuously.

* Copper Equivalent Calculation Explanation:

- The copper equivalent (CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result, nor metallurgical flowsheet considerations.
- The copper equivalent calculation is intended as an indicative value only. No metallurgical testwork has been completed to date however it is the Company's opinion that all the elements included in the copper equivalent calculation have a reasonable potential to be recovered.
- Copper equivalent conversion factors and long-term price assumptions used follow: Copper Equivalent Formula (CuEq) = $(\text{Cu (ppm)} \times 0.0075 + \text{Ag (ppm)} \times 0.96 + \text{Au (ppm)} \times 50.00 + \text{Co (ppm)} \times 0.025) / 0.0075$;
- Price Assumptions - Cu (US\$7,500/t), Ag (US\$30/oz), Au (US\$1,500/oz), Co (US\$25,000/t).
- Pb and Zn have not been used in copper equivalent calculation.

May Day

May Day was discovered in 1898 and was initially developed as an underground copper-lead-silver mine. Exploration in the 1970s identified high grade gold-base metal mineralisation to a depth of about 250m below surface. Exploration in the late 1980s defined a shallow gold resource, which eventually led to the development in 1996 of a small-scale mining operation comprising an open pit with a heap leach gold circuit.

In the period since acquisition in late 2009 through June 2011, Peel completed multiple phases of exploration involving: an initial due diligence site visit inclusive of geological mapping and rock chip sampling; geophysical surveys comprising gravity and Induced Polarisation; remodeling of airborne magnetic data; laser scanning and survey pick-up of the open pit and historic drillholes; an RC drilling programme; early-warning metallurgical testwork; and a helicopter-borne geophysical survey (VTEM).

Several geophysical surveys were also completed in advance of drilling and to provide additional geological information about the local geological environment. An approximately 12km² gravity survey and a 15 line kilometre Induced Polarisation (IP) survey was undertaken over the immediate May Day mine environment and 2 kilometres along strike to the northeast. This data, along with regional airborne magnetic data shows that a moderate-to-strong chargeable IP anomaly and a deep (greater than 400m depth) magnetic anomaly is associated with the May Day deposit.

In May 2010, Peel completed a programme of 10 RC drillholes for 1,877m of drilling at the May Day gold-base metal deposit, located about 100km south of Cobar in central-western New South Wales. This drilling programme was primarily designed to test for down-dip extensions to known mineralisation. Better drill results included the following intercepts:

- 16m at 1.78 g/t Au, 42 g/t Ag, 0.25% Cu, 0.95% Pb, 1.33% Zn from 159m in MDRC002
- 24m at 0.96 g/t Au, 20 g/t Ag, 0.07% Cu, 0.70% Pb, 0.85% Zn from 120m in MDRC004
- 27m at 2.12 g/t Au, 27 g/t Ag, 0.11% Cu, 0.43% Pb, 0.75% Zn from 120m in MDRC005
- 3m at 1.33 g/t Au, 98 g/t Ag, 0.92% Cu, 7.29% Pb, 8.19% Zn from 140m in MDRC006
- 10m at 2.15 g/t Au, 28 g/t Ag, 0.06% Cu, 0.34% Pb, 0.39% Zn from 213m in MDRC010

Results returned confirm down dip extensions and that mineralisation is shear-related and occurs as a sub-vertical lense/shoot. Mineralisation occurs at or near the interbedded contact of a fine-grained sedimentary hangingwall and a porphyritic volcanic footwall, is associated with silica/talc alteration, and includes disseminated through to massive sphalerite-galena-pyrite-pyrrhotite-chalcocopyrite sulphides. The true width is estimated to be about 65% of the reported intercepted widths.

Drill results support the theory that the May Day deposit possibly represents remobilised mineralisation or "leakage" from a deeper mineralised system. Interpretation of magnetic data indicates the source of a magnetic high anomaly to be located at greater than 400m below surface.

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Early-warning metallurgical testwork on a single sample of May Day mineralisation to determine potential extraction characteristics returned excellent results, key findings of this testwork being:

- encouraging grind characteristics were observed;
- gravity gold extraction yielded 45% of gold reporting to 0.6% mass;
- flotation extraction yielded 77% of gold, 88% of zinc, 52% of lead, and 46% of copper reporting to 13% mass; and
- 24 hour cyanidation yielded 71% of gold reporting to 2% of mass.

Late in 2010, Peel completed a helicopter-borne geophysical survey (VTEM) over the May Day area. No anomalies were detected.

Developments at the nearby Mallee Bull prospect add significant value to the Gilgunnia project and support the prospectivity of the May Day deposit. Further work at May Day will involve a deep drilling programme targeting the magnetic anomaly at depth.

Cobar Superbasin Project (CSP)

During the year, Peel considerably strengthened its strategic position within the Cobar Superbasin by pegging and acquiring additional highly-prospective tenure. In total, Peel now 100%-controls an area in excess of 3,000 km², one of the largest landholdings in the Cobar Superbasin.

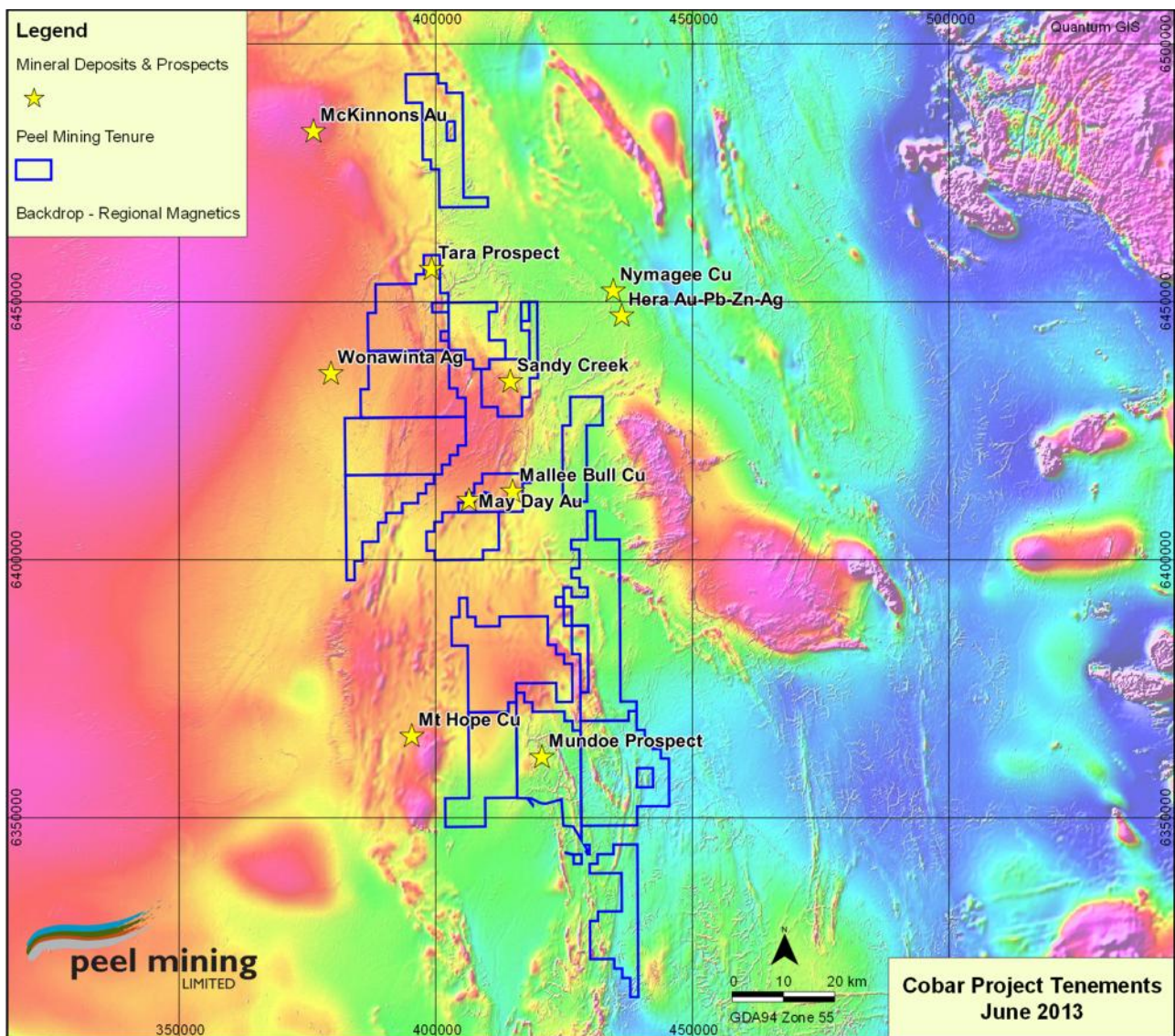


Figure 5 – Peel Mining Cobar Superbasin Tenure

During 2013, Peel commenced a programme of systematic exploration of its 100%-owned tenure. This work involves the identification and work-up of targets through desktop review, geochemical and geophysical surveys, geological mapping and drill testing, where warranted.

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Early in the year, Peel completed a 350 line kilometre “HeliTEM” airborne EM survey covering a portion of EL7519 “Gilgunnia South”, part of the ground acquired from Oz Exploration Pty Ltd, a subsidiary of Oz Minerals Ltd (ASX: OZL). Gilgunnia South contains several very strong magnetic anomalies (MD1 and MD3) that remain unexplained. Several anomalies were identified and follow-up exploration involving geochemical sampling was underway at the time of reporting.

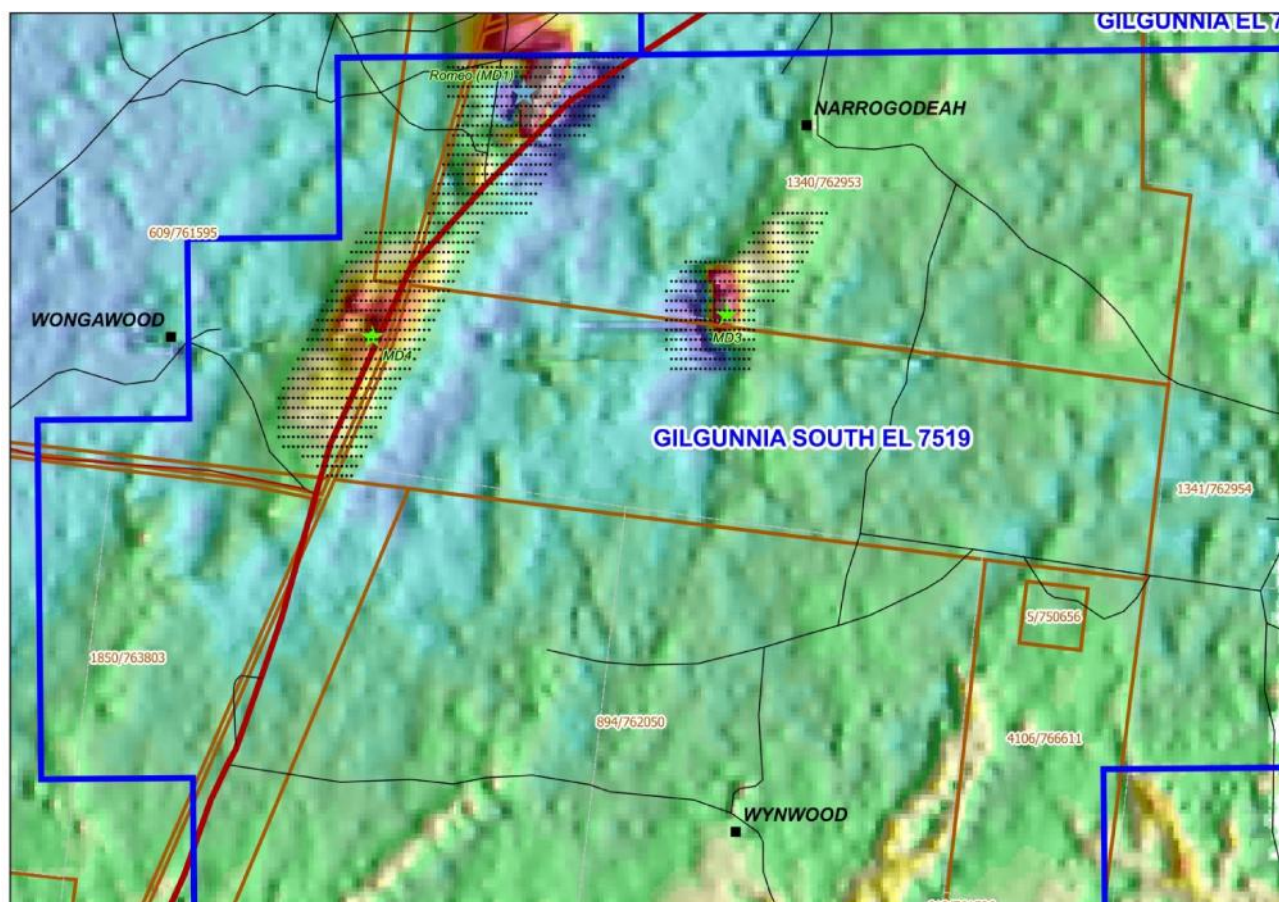


Figure 6 – Gilgunnia South geochem points over TMI

In the December quarter 2013, Peel reported that EL7976 “Mundoe” had been granted. Mundoe is located about 90 km west of Condobolin in NSW, or about 50 km south of Mallee Bull.

EL7976 is centred on the Mundoe prospect, which is defined by a 2km long multi-element geochemical anomaly, coincident geophysical anomalies, and encouraging historic drill results. Mundoe was first identified in the 1970s as a “bulls-eye” magnetic anomaly. Follow-up exploration in early 1980s included geological mapping, RAB drilling, IP and gravity geophysical surveys, and a single diamond drillhole where a best result of 3m @ 2.90% Zn, 0.87% Pb, 30 g/t Ag and 0.4 g/t Au from 88m was returned.

In December 2012, a 9-hole for 1,753m RC drilling programme at Mundoe was completed with encouraging results returned over 600m strike indicating that the sediment-hosted mineralisation is most likely easterly-dipping, meaning that downhole widths are close to true widths. Peel is highly encouraged by the results to date and further work is planned. See Table 3 for a summary of drilling results.

Table 3 – Mundoe Significant Drill Assay Results

Hole ID	Northing	Easting	Azi	Dip	Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
MURC1	6361563	420900	265	-62	151	79	96	17	0.14	16	0.08	-	0.11
						109	111	2	-	69	0.25	0.55	0.23
						130	132	2	0.36	22	0.06	-	-
MURC2	6361565	420960	265	-62	202	54	56	2	-	-	1.27	-	-
						88	107	19	-	-	0.3	-	-
						124	148	24	0.29	15	-	-	-
including						140	145	5	0.68	42	0.09	-	-
MURC3	6361957	420760	265	-62	140	58	60	2	-	28	-	0.22	-
						106	119	13	0.73	28	-	-	-

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Hole ID	Northing	Easting	Azi	Dip	Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
including						112	118	6	1.24	42	-	-	-
MURC4	6361960	420800	270	-62	292	49	59	10	-	10	0.15	-	-
						79	80	1	-	63	0.18	0.77	1.27
						281	283	2	-	-	0.67	-	0.22
MURC5	6361763	420800	265	-65	274	8	27	19	-	-	0.33	-	-
including						22	27	5	-	-	0.86	0.15	-
						60	64	4	-	19	0.12	0.17	0.59
						78	80	2	0.29	22	-	-	-
						129	152	23	0.4	25	-	-	-
including						129	132	3	2.07	180	0.25	0.1	0.1
MURC6	6362242	420400	260	-65	196	-	-	-	-	-	-	-	-
MURC7	6361472	420960	265	-65	202	153	176	23	0.31	15	-	-	-
including						163	171	8	0.57	19	-	-	-
MURC8	6361467	420920	265	-65	148	111	112	1	-	63	0.39	0.13	0.22
MURC9	6362058	420720	265	-65	148	54	62	8	-	15	-	-	-
						101	103	2	-	20	0.12	-	-

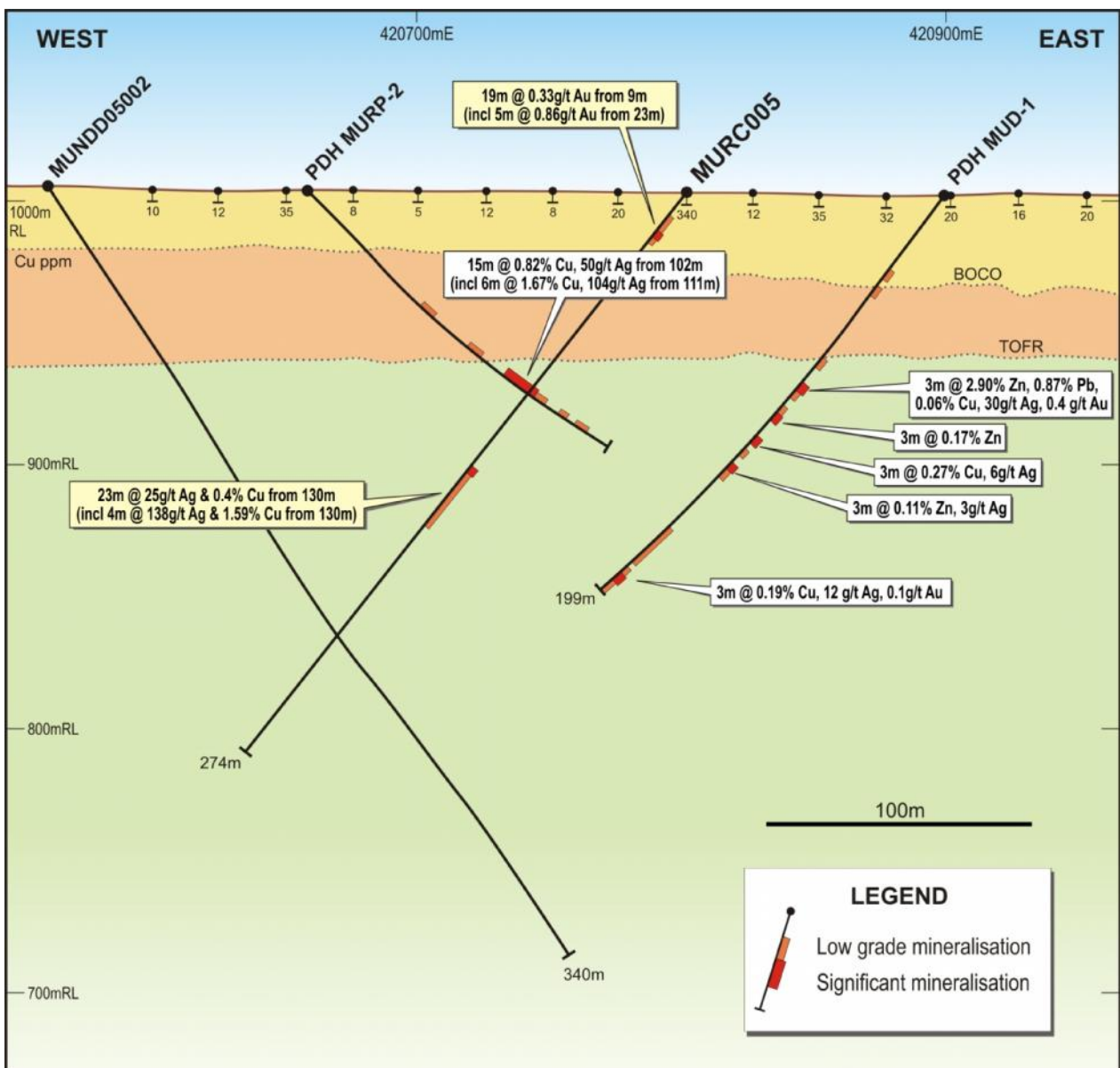


Figure 7 – Mundoie Section 6361760N

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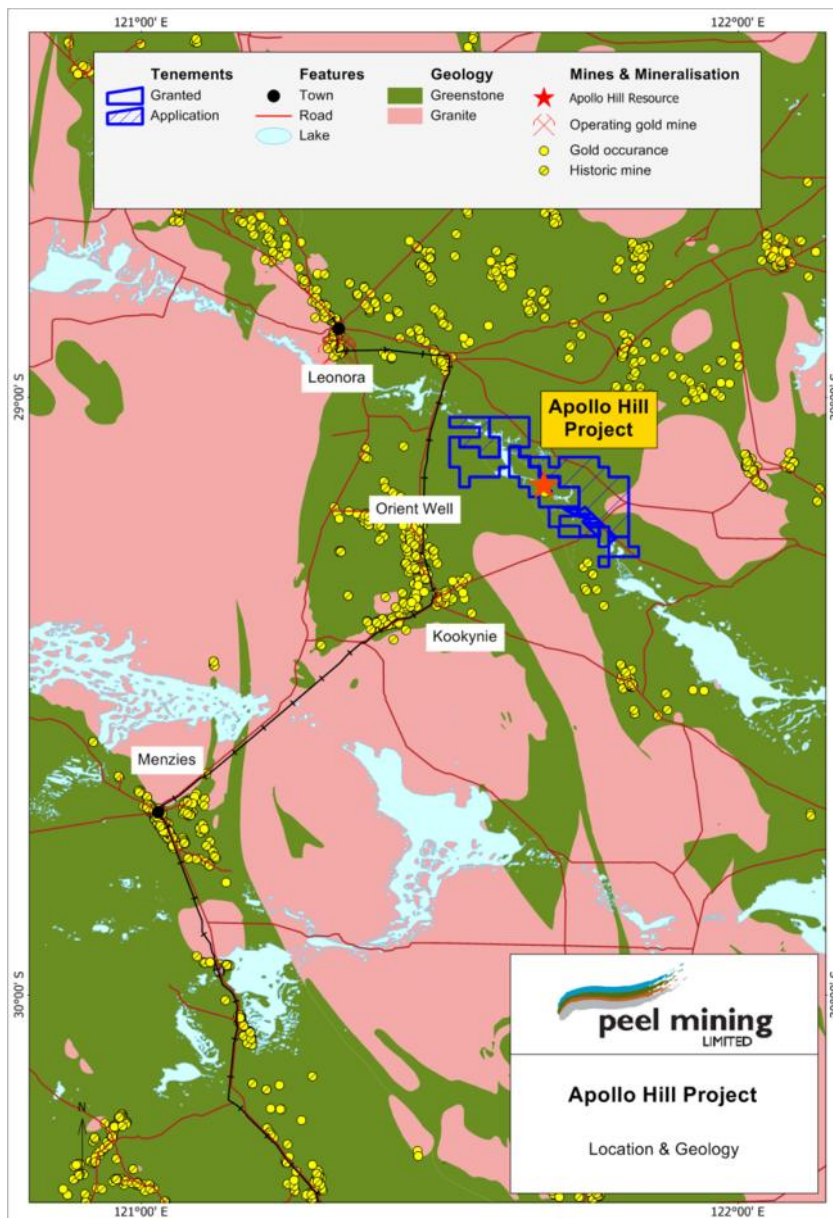
In late 2013, Peel reached agreement with private party Weddarla Pty Ltd to purchase strategic exploration licence EL7403 “Sandy Creek”, located about 20km north of the Mallee Bull copper-polymetallic deposit, and about 80km south of Cobar NSW. A review of exploration data related to the namesake Sandy Creek prospect was completed and there are strong similarities to results yielded from early-stage exploration at Mallee Bull, including a similar geological and structural environment along with coincident magnetic and electromagnetic anomalies. Historically, a strong downhole electromagnetic (DHEM) anomaly has also been identified at the Sandy Creek prospect, as well as strong geochemical anomalism supported by high-grade polymetallic historic drilling results.

Subsequent to end of the reporting period, the acquisition of Sandy Creek was finalised. Initial exploration of Sandy Creek by Peel utilising a high-powered DHEM survey confirmed the presence of a strong offhole anomaly that remained practically untested by previous drilling. Peel has recently completed a diamond drillhole testing this anomaly and results are pending.

Elsewhere in the Cobar Superbasin Project, Peel has identified multiple new prospects for follow-up investigation. At the time of reporting exploration of these targets is ongoing.

Apollo Hill

The Apollo Hill gold project, located about 50 km southeast of Leonora, WA, contains two significant gold deposits; Apollo Hill and the Ra Zone. In June 2010, entered into an option agreement with Hampton Hill Mining NL (ASX:HHM) to acquire the entire issued capital of Apollo Mining Pty Ltd, the 100%-owner of the Apollo Hill gold project in the North Eastern Goldfields of WA. In November 2010, Peel elected to exercise its option to acquire Apollo Hill. The key terms of the sale agreement saw Peel issue 11 million fully paid ordinary shares to HHM in consideration for Apollo Hill, and HHM granted a 5% gross overriding royalty on Apollo Hill gold production exceeding 1 million ounces.



The Apollo Hill gold project exhibits the hallmarks of a major mineralised system, showing extensive and intense hydrothermal alteration and deformation. Two significant gold deposits, Apollo Hill and the Ra deposit, have been identified to date and remain open in several directions.

Fimiston Mining Limited discovered Apollo Hill in December 1986 during a drill program aimed at finding the source of abundant eluvial gold at the base of a prominent hill in the area. Active drilling since then has outlined extensive gold mineralisation and alteration over a one kilometre strike length, which is up to 250m wide and dips 45-60 degrees to the east.

Multiple gold mineralisation events are interpreted to have occurred at Apollo Hill during a complex deformational history. Gold mineralisation is accompanied by quartz veins and carbonate-pyrite alteration associated with a mafic-felsic contact.

The Apollo Hill gold project straddles a major shear zone, known as the Apollo shear zone, which is a component of the Keith Kilkenny Fault system. This shear zone is largely concealed beneath transported overburden, often associated with the Lake Raeside drainage system, and previous surface geochemical sampling and shallow RAB drilling has consequently been of limited effectiveness. Deeper drilling by previous explorers has largely focussed on the only locality where this shear zone is exposed at surface, Apollo Hill itself, and also on a

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nearly parallel trend termed the Western trend (Ra deposit).

Peel undertook various due diligence work programs on Apollo Hill during the option period. As part of this, in September 2010, Peel undertook an Aboriginal Heritage and work program clearance survey utilising the services of consulting anthropologist Daniel de Gand and Wongatha Aboriginal Heritage Consultants, the outcome, of which was positive with large areas of the project area cleared for future exploration access.

Also as part of due diligence, Peel undertook preliminary metallurgical testwork on two representative samples of Apollo Hill mineralisation to determine potential extraction characteristics. This testwork showed excellent overall gold extraction kinetics with 98.68% and 98.76% total gold extracted for Sample 1 (15-16m - AD002) and Sample 2 (154-155m – AD002), respectively. Additionally, both samples contained a significant amount of gravity recoverable gold, greater than 80%, with relatively low base metal levels and organic carbon levels below detectable level indicating very little chance of preg-robbing occurring during cyanidation.

In December 2010, Peel reported a maiden resource estimate for the Apollo Hill and Ra deposits. The highlights of this work were:

- Maiden resource at Apollo Hill and Ra deposits estimated at 11.1 Mt at 1.0 g/t Au for 341,000 ounces of gold (using 0.5 g/t gold cut off).
- Maximum depth of the resource estimate was 150m below surface.
- Apollo Hill deposit extends to surface and remains unexploited.
- Mineralisation at Apollo Hill and Ra deposits remains open at depth and along strike to the south of both deposits.
- Potential increase in resources with minimal further drilling.

In line with the potential to increase resources at Apollo Hill through minimal further drilling, in April 2011, Peel commenced a programme of infill and extensional drilling. By June 2011, Peel had completed an approximately 3,600 metre RC and diamond drilling programme that was designed to increase sample density to allow for the extension of the Apollo Hill resource model; and to provide representative gold-mineralised material for additional metallurgical testwork.

The RC drilling component comprised 21 drillholes for 3,276 metres of drilling. This drilling was designed primarily to enable the extension of the existing Apollo Hill resource model a further 200 metres (grid) south, and to a minimum depth of about 150 metres below surface. The diamond drilling component comprised 2 drillholes for 310 metres of HQ diamond core drilling. This drilling was designed primarily to provide sufficient material for further metallurgical testwork.

In September 2011, Peel reported a 48 per cent increase in the resource estimate for Apollo Hill, to 505,000 ounces contained gold. The updated resource estimate – which was estimated by Hellman and Schofield Pty Ltd (H&S) and incorporated the results of drilling undertaken by Peel – totals 17.2 million tonnes at 0.9 g/t Au for 505,000oz of gold (using a 0.5 g/t gold cut-off) across the Apollo Hill and Ra deposits.

The updated resource estimate highlights the potential of the Apollo Hill Project for future economic extraction. The updated resource estimate at a range of gold cut-off grades is shown below:

Table 2 – September 2011 Apollo Hill Inferred Resource estimates to 180 metres depth (190mRL)

Cut Off	Ra			Apollo Hill			Total		
	Au g/t	Mt	koz	Mt	Au g/t	koz	Mt	Au g/t	koz
0.2	2.4	0.7	54	43	0.5	691	45.4	0.5	745
0.4	1.5	1.0	48	22	0.8	566	23.5	0.8	614
0.5	1.2	1.1	42	16	0.9	463	17.2	0.9	505
0.6	1.0	1.2	39	12	1.0	386	13.0	1.0	424
0.8	0.7	1.4	32	7	1.2	270	7.7	1.2	302
1.0	0.5	1.6	26	4	1.4	180	4.5	1.4	206
1.2	0.4	1.8	23	2	1.6	103	2.4	1.6	126

Note: The significant figures in above reflect the precision of estimates and include rounding errors.

Peel Mining believes that the shallow and extensive nature of mineralisation at the Apollo Hill gold project suggests that the project has reasonable prospects for eventual economic extraction.

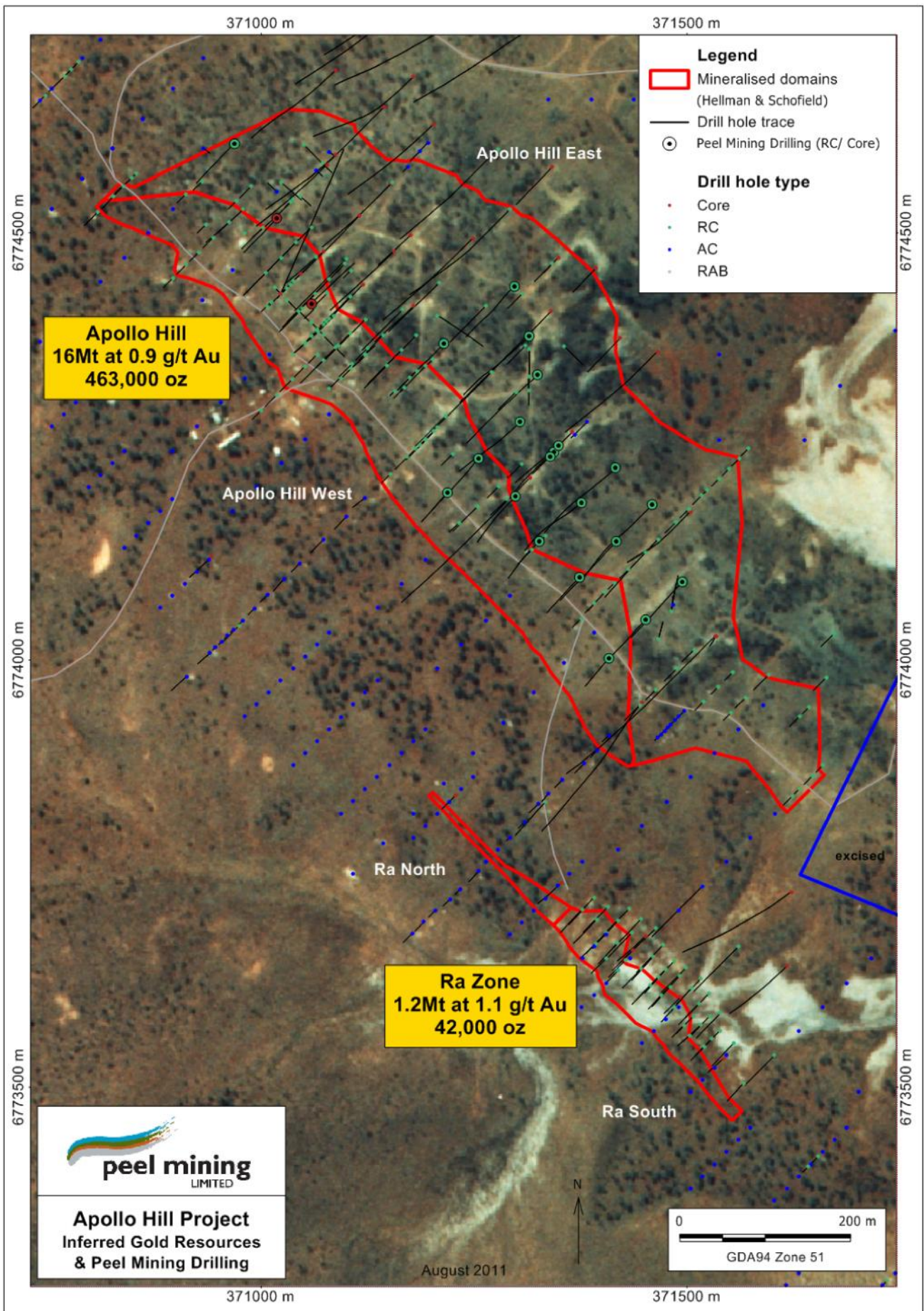
Metallurgical Testwork

Metallurgical testwork on Apollo Hill mineralisation was undertaken during financial year 2012. Results confirm that Apollo Hill gold mineralisation is readily amenable to gravity gold and cyanide leaching recovery techniques. The key outcomes from this testwork to date are:

Head Assay Characteristics

- Assays indicate clean, coarse-grained gold mineralisation with variable assay repeatability.

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Comminution Characteristics

- SMC testwork indicates hard to very-hard rock strength of larger particle sizes (DWI average of 11.3 kWh/m³); HPGR should be considered.
- Bond Ball Mill Work Index indicates medium hardness of smaller particle sizes (BWI average of 14.3 kWh/t).
- Bond Abrasion Index indicates low abrasiveness of ore (BAI of 0.055 Ai); low steel ball consumption and low wear on crushing and grinding equipment, pipework, etc.

Gold Extraction Characteristics

- Excellent gravity gold extraction with 88% recovery at 75 µm; 68% recovery at 500 µm.
- Excellent gravity plus cyanide leach gold extraction (48hrs) with 99% recovery at 75 µm; 96% recovery at 500 µm; moderate cyanide consumption, low lime consumption.
- Moderate to good cyanide leach gold extraction at coarse grind/fine crush sizes: 86% at 2mm; 72% at 4mm; 73% at 6mm; moderate cyanide consumption, low lime consumption.

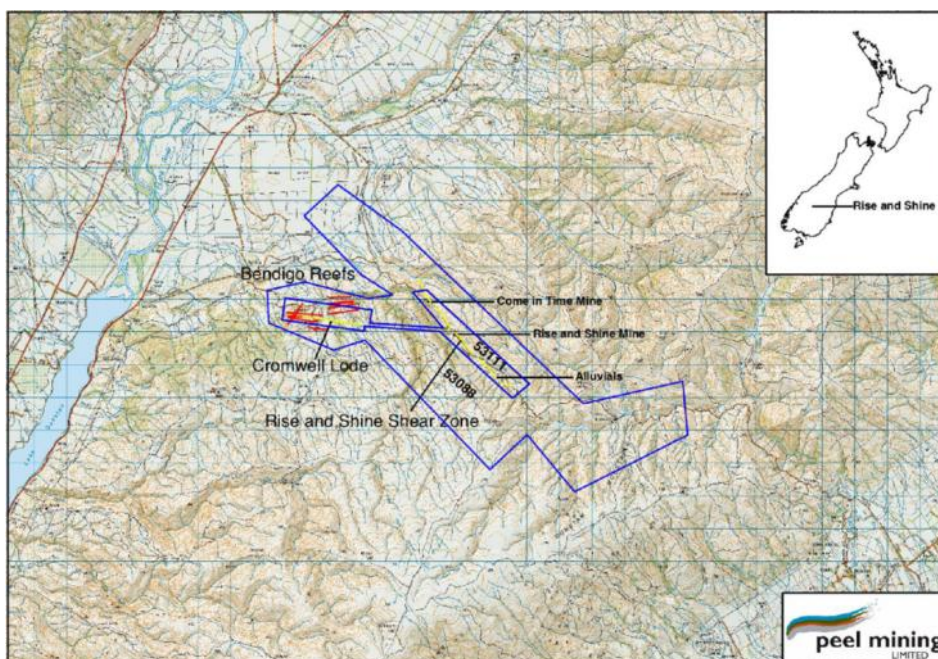
2012/13 Activities

In 2012, Peel acquired mining licence M39/296 from Birimian Gold Limited. M39/296 is immediately along strike (southeast) from the Apollo Hill resource and is considered to have good potential to host additional gold resources. During 2012, Peel completed a field reconnaissance trip to Apollo Hill with a focus on mining licence M39/296 and regional exploration. A number of prospects were identified for follow-up and a substantial geochemical survey has now been planned.

In 2013, Peel completed an additional aboriginal heritage survey to clear areas identified for follow-up exploration. Also during 2013, a programme of work was submitted for the Apollo Hill licences E39/1198 and M39/296 and subsequently approved by the WA Department of Mines and Petroleum. The programme of work is for up to 24 Aircore/RC holes and is designed to test for mineralised extensions to the main mineralised zone at Apollo Hill. Drilling is planned to commence in October 2013.

Rise and Shine

In November 2011, Peel was awarded EP 53088 and EP 53111 covering the Rise & Shine gold project. The Rise & Shine gold project, located about 20km northeast of Cromwell in Central Otago, New Zealand, hosts multiple historic gold workings with historic production estimated at more than 180,000 ounces gold.



EP 53111 was the subject of a competitive permit allocation process (NAA) initiated in late 2010 and encompasses the Rise & Shine Shear Zone and the historic Bendigo goldfield, whilst EP 53088 provides a regional exploration buffer surrounding EP 53111. Gold mineralisation is known to be associated within the Rise & Shine Shear Zone, with multiple lode and alluvial gold workings occurring over a strike length of at least 4 km. The historic Bendigo “reefs” comprise a series of sub-vertical lodes with workings up to 130m below surface.

The Rise & Shine Shear Zone appears to be structurally similar to the Macraes Shear Zone, host to the multi-million ounce

Macraes gold mine. The Rise & Shine Shear Zone represents a gold mineralised low-angle deformation zone formed in a compressional environment and comprises a zone of hydrothermally altered schist. Alteration comprises variable silicification, sericitisation, chloritisation and widespread carbonate alteration. The shear is about 50m thick and is traceable for at least 7 km, strikes 140 degrees, and dips to the northeast.

Substantial amounts of exploration have previously been completed at Rise & Shine however the majority of work has been directed at historic workings sited at the base of the Rise & Shine Creek Valley. Peel believes that the Rise & Shine Shear Zone could

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possibly be “flatter” than previously assumed offering potential for large-tonnage, low-grade grade gold deposits extending up-dip from previously defined mineralisation. To that end, Peel plans to complete a programme of RC drilling aimed at testing this model.

The Rise and Shine Shear Zone contains three prospects: Alluvials; Rise and Shine mine; and Come in Time mine. These are inferred to represent mineralised “shoots” possibly similar to the shoots at the Macraes goldfield. Potential mineralisation in the permit area comprises the possible up-dip extension of the Rise and Shine Shear Zone, along with potential for higher grade lenses of mineralisation down plunge within the shoots, similar to the higher grade lenses within the Macraes Shear Zone.

The bulk of the hard rock gold production came from the Bendigo goldfield. The Bendigo reefs comprise sub vertical lodes in psammitic or semi-psammitic schist. The geological relationship of the Bendigo Reefs to the Rise and Shine Shear Zone is uncertain. These lodes comprise a swarm of E-trending, narrow, vertical to sub-vertical shears composed of crushed schist, quartz veins, stringers, and puggy clay.

The reefs at the Bendigo Goldfield were mined from 1865 to 1913 and sporadically through to 1942. Historic gold production was at least 180,000 oz, of which about 150,000 oz was produced from the Cromwell Lode. The Cromwell Lode was mined over a strike of 400m, and is reported to have been traced for another 1200m to the east. Thickness ranged from 0.6 – 1.8m, averaging 0.9m with an average grade of about 10 g/t gold. BHP concluded that a deep diamond drilling programme was required to assess gold potential beneath the worked lodes. Minimal modern exploration has been completed.

No field work was undertaken during the reporting period whilst Peel focussed on its Mallee Bull and Cobar Superbasin projects. Exploration planning for Rise and Shine is largely complete and, subject to access and regulatory approval, is planned for early 2014.

Attunga

Attunga is located about 20 km north of Tamworth, NSW. Within the Attunga project, there are three specific areas of interest: the Attunga Tungsten Deposit; the Attunga Copper Mine prospect and the Kensington gold-tungsten prospect. The Attunga Project area is considered prospective for tungsten-molybdenum skarn-type mineralisation, base/precious metal skarn-type mineralisation, and gold (+/-tungsten) intrusive-related gold system type mineralisation.

Attunga Tungsten Deposit

During the period 2007-2009, Peel completed multiple phases of exploration at the Attunga Tungsten Deposit including the completion of an independent JORC-compliant resource estimation in April 2008. A high-grade inferred tungsten-molybdenum resource was defined with results including 1.29 Mt at 0.61% WO₃ and 0.05% Mo for 9,400t contained WO₃ equivalent using a 0.2% WO₃ equivalent cutoff.

In March 2009, Peel completed initial metallurgical testwork resulting in the production of high grade WO₃ concentrate along with a potential process flowsheet. The potential process flow sheet identified would involve staged crushing and grinding, conventional gravity concentration (spirals), drying of gravity concentrates, removal of magnetic gangue material (garnet) via magnetic circuit, and flotation of fine (-75 micron) spiral tails. Secondary processing/mineral dressing would involve further flotation work.

In June 2009, Peel announced that new drilling at Attunga had returned high grade tungsten intercepts including 27m at 0.54% WO₃ and 0.06% Mo from 19m (including 2m at 3.38% WO₃ and 0.27% Mo) from 22m in RC drillhole AP1-026, and 2m at 0.59% WO₃ and 0.03% Mo from 58m in RC drillhole AP1-027.

In 2010, Peel completed an in-house conceptual study into development options for the Attunga Tungsten Deposit with results indicating that a low capital expenditure operation could yield positive returns. Peel believes that the deposit’s small, high grade nature and proximity to excellent infrastructure and services bodes well for its future advancement/potential development.

In late 2012, Peel commenced a review of the Attunga Tungsten Deposit with a view to advancing the project.

Subsequent to the end of the reporting period, in August 2013 Peel completed a single diamond drillhole at Attunga for metallurgical purposes. Results for this hole remained pending. Peel notes that the price of tungsten concentrates and tungsten products is close to historic highs, and accordingly is seeking interest to advance the Attunga Project.

Attunga Copper Mine

The Attunga Copper Mine, located about 800m north of the Attunga Tungsten Deposit was discovered in 1902 and worked over various periods up until World War 2. Total recorded production was about 1,600t ore grading ~6% copper, ~8 g/t gold and ~150 g/t silver. Other significant metals present include bismuth, and molybdenum.

In May 2009, Peel completed a drilling programme targeting the historic Attunga Copper Mine workings and an EM anomaly. While thick clays prevented the effective testing of the EM anomaly, drilling to the south of the historic workings resulted in the discovery of polymetallic mineralisation. Drillhole ACM-004 returned 75m at 1.02 g/t Au, 0.87% Cu, 0.09% Mo, 0.06% Bi, and 22 g/t Ag from

Review of Operations

136m including 27m at 1.60 g/t Au, 1.66% Cu, 0.18% Mo, 0.1% Bi, and 39 g/t Ag from 136m. The true width of the above intervals is construed to be approximately 25% of the downhole intercepts.

Between March and May 2010, Peel completed a programme of six diamond drillholes for 944m drilling that returned encouraging mineralisation up-dip of ACM-004 with an interval of 5.6m at 0.44% Mo, 0.70 g/t Au, 12 g/t Ag, 0.45% Cu, 1.9 g/t Re from 48m and 1.4m at 22.70 g/t Au, 13 g/t Ag, 0.72% Cu from 55m.

The results from the Attunga Copper Mine confirm the presence of significant molybdenum-gold-copper skarn mineralisation that remains open in several directions and provides encouragement that the Attunga skarn deposits are possibly part of a larger metalliferous system, perhaps including a porphyry/mineralised granite source.

No further work was completed at the Attunga Copper Mine in 2012 or 2013.

Kensington gold prospect

The Kensington gold prospect, located about 5 km north of the Attunga Tungsten Deposit, comprises a series of historic gold workings (pre-WW1) across 800m strike with mineralisation outcropping, and covered by a 1,500m long, +100 ppb gold geochemical anomaly, open in several directions.

In July 2008, Peel completed an RC drilling programme encountering widespread gold mineralisation with better results including 9m at 1.4 g/t Au from 15m, 5m at 2.76 g/t Au from 60m, 14m at 0.78 g/t Au from 24m and 13m at 1.07 g/t Au.

In July 2010, Peel completed a RAB drilling programme at Kensington and Kensington NW designed to test a reported shallow tungsten occurrence and to test for additional near-surface gold. Encouraging gold mineralisation was returned from multiple drillholes.

Peel designed the shallow RAB drilling programme at Kensington to target tungsten and gold mineralisation. Historic data had indicated the presence of a large, shallow, low grade tungsten occurrence however drilling completed to date has discounted this possibility.

The results from this RAB drilling provide encouragement to the possibility of substantial, near surface, gold mineralisation at Kensington. Gold mineralisation at Kensington occurs within a package of structurally deformed sediments and remains open to the northwest and southeast, and down dip.

Peel believes that Kensington holds good potential to host a significant gold system with mineralisation remaining open.

No work was completed during 2012 or 2013.

Ruby Silver

In 2011, Peel was granted an exploration licence covering the historic Ruby-Tulloch-Rockvale silverfield. Peel has since been granted an additional licence adjacent to the Ruby silver project. Ruby Silver is located approximately 30 km east of Armidale in north-eastern New South Wales.

The Ruby Silver project encompasses much of the central part of the Rockvale Adamellite which hosts silver-gold-arsenic mineralisation both at its margin and within the intrusion on northeast/northwest fracture zones, possibly associated with aplite dykes. Major known deposits are the Ruby and Tulloch silver mines and the Rockvale arsenic mine. There are, however, many other underexplored prospects and anomalies within the project, adding to its prospectivity for silver and gold.

The Ruby silver mine, associated with an outcropping aplite dyke, has a lode up to 1.4 metres wide and was worked to a depth of 120 metres between 1895 and 1905. Historic production is estimated to be about 350,000 ounces silver at a recovered grade of ~600 g/t Ag.

In 1968, a nine-hole diamond drill program was undertaken to test the main workings at Ruby. Records of this work are poor, but it is known that the first hole intersected 5.08 metres at a grade of ~6,700 g/t Ag from 90.5 metres downhole. True width was estimated at about 3 metres. Three of the other drillholes intersected old workings, while values in a further three were reported only as "low". No results were recorded for the other two drillholes. No further drilling has been completed at Ruby.

Results from an historic IP geophysics survey completed in 1969 suggest that sulphide mineralisation possibly extends well beyond the known silver-rich shoot at Ruby, and presents future exploration targets.

At the Tulloch mine, mined between 1913 and 1928, an estimated 50,000 ounces silver at a recovered grade of ~6,200 g/t Ag have been won. The silver mineralisation is developed in fissures associated with three obliquely intersecting sets of shears near the contact of sediments.

Review of Operations

The Rockvale arsenic mine was discovered in 1923, and in the period to 1928, produced 2,950 tonnes of ore containing about 600 tonnes of white arsenic. Mineralisation occurs as irregular shoots in altered aplite within the Rockvale Adamellite. Mineralisation is predominantly pyrite-arsenopyrite, but silver-gold-lead mineralisation (similar to both the Ruby and Tulloch mines) is recorded.

Peel's Activities

During 2011, Peel undertook an 18 line kilometre IP survey over the historic Tulloch silver mine and Rockvale arsenic mine areas in preparation for an upcoming drill programme. This work identified multiple zones of strong shallow chargeable anomalism, many of which are coincident or proximal to known historic workings. These chargeable IP responses are interpreted as areas of possibly concentrated sulphide mineralisation and will be high-priority targets for future drill programmes.

Also in 2011 Peel also completed several reconnaissance mapping and rock chip/dump sampling programme at the Tulloch, G Reef, Happy Valley and Rockvale areas. This sampling returned very high silver and gold values. Samples were collected from shaft dumps at the Rockvale, G Grid and Happy Valley areas from rock chips along the line of lode at Rockvale. See Appendix 3 for technical details.

Ongoing reconnaissance geological mapping and sampling programmes over the Tulloch, G Reef/Happy Valley and Rockvale areas has delineated the Rockvale line of lode at surface for more than 1000m. Mapping and sampling has also identified that the G-Reef lode is traceable in outcrop for 700m in length. In places the lode zone is up to 5m wide and is associated with sericitised granite.

In May 2012, Peel completed a maiden RC drilling programme at Ruby Silver comprising 15 holes for 1,483m. The programme was designed to test IP chargeability anomalies, and to also test beneath historic workings at the Rockvale and Tulloch mines. Several narrow, high-grade silver intercepts were recorded with better results including:

- PRRC009 – 2m @ 32 g/t Ag from 9m, 3m @ 227 g/t Ag from 20m and 3m @ 267 g/t Ag, 0.82% Pb, 0.39% Zn from 115m;
- PRRC010 – 5m @ 145 g/t Ag, 0.23 g/t Au from 93m; and
- PRRC013 – 2m @ 173 g/t Ag from 16m and 1m @ 71 g/t Ag from 24m.

Best results were obtained from drilling directed at the Tulloch Lode. High-grade mineralisation was intersected below the base of old workings. Significantly, several shallow high-grade results were returned from near surface in a previously unidentified parallel lode.

No exploration was undertaken during 2013 due to the Company's focus on its core projects.

Yerranderie

During the reporting period, tenement EL7356 "Yerranderie" was relinquished following its expiry on 23rd June 2013.

Morawa

In 2012, Peel was granted a single exploration licence covering a small greenstone belt located about 20km north of Morawa. The area is considered to have potential to host VMS-style base-precious metals. No exploration was undertaken during 2013 due to the Company's focus on its core projects.

The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Tyson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Tyson consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Schedule of tenements

New South Wales				
Project	Number	Holder	Peel Interest	Expiry
Attunga	EL6883	Peel Mining Ltd	100%	21/09/2013
Attunga	EL6884	Peel Mining Ltd	100%	21/09/2013
Attunga Garnet	EL7633	Peel Mining Ltd	100%	1/11/2013
Mayday	ML1361	Peel Mining Ltd	100%	16/01/2016
Gilgunnia	EL7461	Peel Mining Ltd	100%	4/03/2013
Ruby Silver	EL7711	Peel Mining Ltd	100%	22/02/2015
Ruby Silver East	EL7856	Peel Mining Ltd	100%	1/11/2013
Gilgunnia South	EL7519	Peel Mining Ltd	100%	3/05/2014
Mundoe (Euabalong)	EL7976	Peel Mining Ltd	100%	11/10/2014
Tara	EL8070	Peel Mining Ltd	100%	8/04/2015
Manuka	EL8071	Peel Mining Ltd	100%	8/04/2015
Mirrabooka	EL8105	Peel Mining Ltd	100%	19/06/2015
Yackerboon	EL8112	Peel Mining Ltd	100%	26/06/2016
Irisvale	EL8113	Peel Mining Ltd	100%	26/06/2016
Hillview	EL8125	Peel Mining Ltd	100%	26/06/2015
Norma Vale	EL8126	Peel Mining Ltd	100%	26/06/2015
Yara	EL8114	Peel Mining Ltd	100%	26/06/2016
Burthong	EL8115	Peel Mining Ltd	100%	26/06/2016
Illewong	EL8117	Peel Mining Ltd	100%	26/06/2016
Mundoe North	ELA4707	Peel Mining Ltd	100%	application pending

Western Australia				
Project	Number	Holder	Peel Interest	Expiry
Apollo Hill	E39/1198	Peel Mining Ltd	100%	30/03/ 2014
Apollo Hill	P31/1797	Peel Mining Ltd	100%	08/06/2018
Apollo Hill	P39/4586	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4587	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4588	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4589	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4590	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4591	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4592	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4677	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4678	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4679	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	P39/4789	Peel Mining Ltd	100%	30/03/2017
Apollo Hill	E31/0800	Peel Mining Ltd	100%	Renewal pending
Apollo Hill	E39/1236	Peel Mining Ltd	100%	08/06/2018
Bob's Bore	E39/1644	Peel Mining Ltd	100%	17/02/2013
27 Well	E40/0296	Peel Mining Ltd	100%	29/08/2013
Bulyairdie	E40/0303	Peel Mining Ltd	100%	6/03/2017
Isis	M39/0296	Peel Mining Ltd	100%	29/09/2014
Karrakarook	E70/4252	Peel Mining Ltd	100%	5/01/2017

New Zealand				
Project	Number	Holder	Peel Interest	Expiry
Rise and Shine	EP53111	Peel Mining Ltd	100%	19/10/2016
Mt Moka	EP53088	Peel Mining Ltd	100%	19/10/2016



Rob Tyson
Managing Director

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as "the Group") comprising Peel Mining Limited and the entities it controlled at the end of, or during the financial year ended 30 June 2013.

Directors

The following persons were directors of Peel Mining Limited during the financial year and up to the date of this report.

S Hadfield

R Tyson

G Hardie

Directors' interests in shares and options

Directors' interests in shares and options as at the date of this report are set out in the table below.

<i>Director</i>	<i>Shares Directly and Indirectly Held</i>	<i>Options</i>
Graham Hardie	15,322,890	500,000
Robert Tyson	7,030,000	1,000,000
Simon Hadfield	3,812,564	500,000

Principal activities

The principal continuing activity of the Group is the exploration for economic deposits of minerals. For the period of this report, the emphasis has been on base and precious metals.

Results

The loss of the Group for the financial year after providing for income tax amounted to \$1,475,928 (2012: \$527,337), including exploration expenditure written off of \$53,455 and share based payment expense of \$543,301 for options granted to directors and employees. The net assets of the group have increased by \$6,114,453 since 30 June 2012. This increase is primarily a result of the capital raising of \$5,096,000 that was completed in June 2013.

Dividends

No dividends were paid or proposed during the year.

Review of operations

A review of the operations of the Group during the financial year and the results of those operations are contained in pages 3 to 22 in this report.

Corporate structure

The Group comprises Peel Mining Limited, a limited Company incorporated and domiciled in Australia and its 100% owned subsidiaries Peel Environmental Services Limited and Apollo Mining Pty Ltd also both incorporated and domiciled in Australia.

Significant changes in the state of affairs

Contributed equity increased during the financial year by \$7,268,000, before costs, through the issue of:

- (i) 6,000,000 ordinary shares at \$0.315 each for cash. The cash received from the increase in contributed equity will be used to purchase Wirchiliba Station (on which the Mallee Bull project lies) and continue the company's exploration programs.
- (ii) 10,400,000 ordinary shares at \$0.49 each for cash. The cash received from the increase in contributed equity will principally be used to contribute to funding the progression of the Mallee Bull project once a joint venture is formed
- (iii) 2,500,000 ordinary shares at \$0.10 each as consideration for the acquisition of a mining lease.
- (iv) 400,000 ordinary shares from the exercise of employee share options at \$0.08 each for cash.

Details of the changes in contributed equity are disclosed in note 12 to the financial statements.

The Directors are not aware of any other significant changes in the state of affairs of the Group occurring during the financial year, other than disclosed in this report.

Matters subsequent to the end of the financial period

Settlement of Wirchiliba

Settlement of Wirchiliba Station, on which Peel Mining Limited's flagship Mallee Bull project is located, was completed on 30 September 2013. Peel Mining Limited acquired 7974 ha land for \$720,000 (after previously taking out an \$80,000 option on the land) to secure access to the Mallee Bull project going forward.

Directors' report

Stage 3 of Mallee Bull Farm-in Agreement with CBH Resources commences

Stage 3 of the Mallee Bull Farm-in agreement with CBH Resources Limited commenced, with \$600,000 in cash calls being paid between balance date and the date of this report.

Sandy Creek acquisition complete and initial exploration underway

Peel Mining Limited has completed the acquisition of the Sandy Creek tenement from Weddarla Pty Ltd, for 2,214,286 ordinary Peel Mining shares. Initial exploration is underway.

No other matter or circumstance has arisen since 30 June 2013 that has a significant affect or may.

Likely developments and expected results

As the Group's areas of interest are at an early stage, it is not possible to postulate the likely developments and any expected results.

Information on directors

Simon Hadfield – Non-Executive Chairman

Mr Hadfield has more than 30 years company management experience and has held directorships in publicly-listed industrial and resource companies. Mr Hadfield is Managing Director of Resource Information Unit Pty Ltd. No other directorships held in the prior 3 years.

Mr Hadfield holds 3,812,564 shares in Peel Mining Limited and 500,000 share options with an exercise price of \$0.50.

Robert Maclaime Tyson B.App Sc(Geol).GradDip Applied Finance(SIA)– Executive Director

Mr Tyson is a geologist with more than 20 years resources industry experience having worked in exploration and mining-related roles for companies including Cyprus Exploration Pty Ltd, Queensland Metals Corporation NL, Murchison Zinc Pty Ltd, Normandy Mining Ltd and Equigold NL. Mr Tyson has more than five years of senior management experience. Mr Tyson holds 7,030,000 shares in Peel Mining Limited and 1,000,000 share options with an exercise price of \$0.50. No other directorships held in the prior 3 years.

Graham Hardie FCA– Non-Executive Director

Mr Hardie is the principal of Hardie Finance Corporation, a private Perth-based property development company, and is also the principal of Entertainment Enterprises, a private Perth-based hospitality company. He is a Fellow of the Institute of Chartered Accountants and a former partner in a leading Chartered Accounting firm. He has extensive commercial and financial experience and has held board positions on a number of public companies in the mining, media, transport and retail industries. No other directorships held in the prior 3 years.

Mr Hardie holds 15,322,890 shares in Peel Mining Limited and 500,000 share options with an exercise price of \$0.50.

Craig McGown FCA – Non-Executive Director (Resigned as of 9th April 2013)

Mr McGown is an Investment Banker with over 35 years experience consulting to companies in Australia and internationally, particularly in the natural resource sector. He holds a Bachelor of Commerce degree, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Securities Institute of Australia. Mr McGown is the former Chairman of DJ Carmichael Pty Limited. He is currently a director of the corporate advisory business New Holland Capital Pty Limited and a Non-Executive Director of Bass Metals Ltd and Non-Executive Chairman of Pioneer Resources Limited. Mr McGown was previously the Non-Executive Chairman of Entek Energy Limited, before resigning 28 February 2011. Mr McGown retired as non-executive director of Peel Mining Limited on the 9th April 2013. At the time of his retirement Mr McGown held 1,875,000 shares in Peel Mining Limited and 500,000 share options with an exercise price of \$0.50.

Company Secretaries

Mr R Woodhouse CA

Appointed to the position of company secretary in June 2012, Mr Woodhouse is a Member of the Institute of Chartered Accountants and has more than 6 years of accounting, governance and commercial experience within the mining and energy industries.

Meetings of Directors

Director's attendance at Directors meetings are shown in the following table:

Director	Number held whilst in office	Number attended
R Tyson	9	9
S Hadfield	9	9
G Hardie	9	9
C McGown *	6	6

* Retired as Non-executive Director during the year

Remuneration report (audited)

The remuneration report is set out under the following headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration

Directors' report

- c) Service agreements
- d) Share-based compensation and
- e) Additional information.

a) Principles used to determine the nature and amount of remuneration

The objective of the remuneration framework of Peel Mining Limited is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's limited financial resources.

Board and senior management

Fees and payments to the Directors and other key management personnel reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are determined by the Board and reviewed annually.

Company policy in relation to issuing options and remunerating executives is that directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate fees of the non-executive directors has been fixed at a maximum of \$300,000 per annum to be apportioned among the non-executive Directors in such a manner as they determine (refer below). Directors are also entitled to be paid reasonable travel, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Remuneration is not linked to past group performance but rather towards generating future shareholder wealth through share price performance. Peel Mining Limited listed on 11 May 2007 at 20c per share and the share price at 30 June 2013 was 33c (2012: 7.8c). The shares recorded high and low points of 74c and 6.4c during the year, and were trading at 38c on 16 September 2013. The company has recorded a loss each financial year to date as it carries out exploration activities on its tenements. No dividends have been paid.

b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each of the Directors of Peel Mining Limited and other key management personnel of the Group during the year ended 30 June 2013 are set out in the following table.

Table 1: Director and senior executive remuneration

	<i>Short-Term Employment Benefits</i>	<i>Post Employment</i>	<i>Long-Term Benefits</i>	<i>Share Based Payment</i>		
	<i>Cash salary and fees</i>	<i>Superannuation</i>	<i>Long-service leave</i>	<i>Options</i>	<i>Total</i>	<i>Options as remuneration</i>
2013	\$	\$	\$	\$	\$	%
Directors						
RM Tyson – Managing Director	172,327	15,509		210,917	398,753	52.89%
S Hadfield – Non Exec Chairman	50,000	4,500		105,459	159,959	65.93%
G Hardie – Non Exec Director	50,000	4,500		105,459	159,959	65.93%
C McGown* – Non Exec Director	41,666	4,500		105,459	151,625	69.55%
Other key management personnel						
D Hocking** - Joint Co. Secretary	26,400	2,376			28,776	0%
R Woodhouse - Joint Co. Secretary	95,349	8,567		7,240	111,156	6.51%
Total	435,742	39,952	-	534,534	1,010,228	

* Retired as Non-executive Director during the year

** Retired as Joint Company Secretary during the year

Directors' report

	Short-Term Employment Benefits			Post Employment	Long-Term Benefits	Share Based Payment	Total	Options as remuneration
	Cash salary and fees	Bonuses, other benefits	Consulting Fees	Superannuation	Long-service leave	Options		
2012	\$	\$	\$	\$	\$	\$	\$	%
Directors								
RM Tyson - Managing Director	135,000			12,150			147,150	0%
S Hadfield – Non Exec Chairman	50,000			4,500			54,500	0%
C McGown – Non Exec Director	50,000			4,500			54,500	0%
G Hardie – Non Exec Director	50,000			4,500			54,500	0%
Other key management personel								
D Hocking- Joint Co. Secretary	80,400					3,400	87,636	3.88%
R Woodhouse*-Joint Co. Secretary	16,443			1,480			17,923	0%
Total	381,843			34,366			416,209	

* Ryan Woodhouse was appointed on the 30th April 2012.

- Options do not represent cash payments to Directors and executives and options granted may or may not be exercised by the Directors and executives. Options are not linked to the performance of the company.

c) Service agreements

Remuneration and other terms of employment for the Directors and executives are not formalised in Service/Appointment agreements. Major provisions of employment are set out below:

R Tyson

There is no written contract for Mr Tyson, who received payments and benefits totalling \$398,753 (2012:\$124,791) in his role as executive director of the Company.

S Hadfield

There is no written contract for Mr Hadfield, who received payments and benefits totalling \$159,959 (2012:\$54,500) in his role as a director of the Company.

G Hardie

There is no written contract for Mr Hardie, who received payments and benefits totalling \$159,959 (2012:\$54,500) in his role as a director of the Company.

C McGown (Resigned 9th April 2013)

There is no written contract for Mr McGown, who received payments and benefits totalling \$151,625 (2012:\$54,500) in his role as a director of the Company.

R Woodhouse

There is no written contract for Mr Woodhouse, who received payments and benefits totalling \$111,156 (2012:\$17,923) in his role as Company Secretary.

d) Share-based compensation

Directors

During the year options over shares were issued to directors, after approval by shareholders at the company's 2012 annual general meeting. 2,500,000 options in total were issued (see table below) to the Managing Director and the non-executive directors, each having an exercise price of 50 cents and an expiry date of 28th November 2015. These options all vest immediately.

Employees

Options over shares in Peel Mining Limited may be granted under the Peel Mining Limited Employee Option Plan which was created in June 2008 and approved by shareholders at annual general meeting. The Employee Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options 50% of which vest immediately and the remainder vest after twelve months provided the employees are still employed by the Company

Directors' report

at the end of the vesting period. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Details of options over ordinary shares in the company provided as remuneration to each director and key management personnel of Peel Mining Limited are set out below. When exercisable, each option is convertible into one ordinary share of Peel Mining Limited. Further information on the options is set out in note 24 to the financial statements.

Name	Number of options granted during year		Number of options vested during year	
	2013	2012	2013	2012
Directors				
<i>Rob Tyson</i>	1,000,000	-	1,000,000	-
<i>Simon Hadfield</i>	500,000	-	500,000	-
<i>Graham Hardie</i>	500,000	-	500,000	-
<i>Craig McGown</i>	500,000	-	500,000	-
Other key management personnel				
<i>Ryan Woodhouse</i>	200,000	-	100,000	-
<i>D Hocking</i>	-	-	-	-

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date have been determined using 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 terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting period is as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
18 December 2012	18 December 2012 (100%)	28 th November 2015	50 cents	22 cents
11 July 2012	11 July 2012 (50%) 11 July 2013 (50%)	31 July 2014	8 cents	4 cents

No options were exercised by directors of Peel Mining Limited or other key management personnel during the year.

e) Additional information

Details of remuneration: cash bonuses, options

No cash bonuses have been paid by the Company.

Share-based compensation: options

Other than options granted and exercised under the Company Employee Option Plan, as described in (d) above, there were no options issued to or exercised by directors of Peel Mining Limited or other key management personnel during the year.

Use of remuneration consultants

During the year ended 30 June 2013, the Group did not employ the services of a remuneration consultant to review its existing remuneration policies and to provide recommendations in respect of both executive short-term and long-term incentive plan design.

Voting and comments made at the company's 2012 Annual General Meeting

Peel Mining Limited received more than 99% of "yes" votes on its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Audited Remuneration Report

Directors' report

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

<i>Date options granted</i>	<i>Expiry date</i>	<i>Issue price of shares</i>	<i>Number under option</i>
11 July 2012 (employees)	31 July 2014	8 cents	600,000
18 December 2012 (Directors)	28 November 2015	50 cents	2,500,000
6 September 2013 (employees)	30 June 2015	50 cents	320,000

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

Shares issued on the exercise of options

The following ordinary shares of the Company were issued during the year on the exercise of options.

	<i>Issue price of Shares</i>		<i>Number of shares issued</i>	
	2013	2012	2013	2012
Date of Exercise	cents	cents	Number	Number
11 October 2012	8	-	350,000	-
27 March 2013	8	-	50,000	-

Indemnification and Insurance of Directors and Officers

During the financial year the Company paid a premium of \$8,769 (2012: \$7,895) to insure the directors and company secretary of the Group. The policy insures each person who is or was a director or company secretary of the Group against certain liabilities arising in the course of their duties. The directors have not disclosed the amount of the premiums paid as such disclosure is prohibited under the terms of the policy.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Environmental Regulation

Peel Mining Limited holds exploration licences and mining leases issued by the NSW Department of Primary Industry, the WA Department of Mining and the New Zealand Petroleum & Minerals Department. These licences specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the respective Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

Greenhouse Gas and Energy Data Reporting Requirements

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included at the end of this financial report.

Auditor

BDO Audit (WA) Pty Ltd continues in office under section 327 of the Corporations Act 2001.

Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important. There were no non-audit services provided by the auditors or their related entities during the year.

This report is made in accordance with a resolution of the Board of Directors and signed for on behalf of the board by:



Rob Tyson

Executive director
Perth, Western Australia
30th September 2013

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

	Note	Consolidated	
		2013 \$	2012 \$
Revenue from continuing operations	3	77,502	68,673
Share-based remuneration to employees	13	(543,301)	-
Depreciation expense	8	(37,916)	(15,318)
Employee and directors' benefit expenses		(411,694)	(320,659)
Exploration expenditure written off	9	(53,455)	-
Administration expenses		(507,064)	(260,033)
Loss before income tax		(1,475,928)	(527,337)
Income tax expense	4	-	-
Loss from continuing operations after income tax		(1,475,928)	(527,337)
Other comprehensive income/loss		-	-
Total comprehensive loss for the year is attributable to the members of Peel Mining Limited		(1,475,928)	(527,337)
Loss for the year is attributable to the members of Peel Mining Limited		(1,475,928)	(527,337)
Basic and diluted loss per share	22	(0.013)	(0.005)

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

Consolidated statement of financial position

as at 30 June 2013

		Consolidated	
		2013	2012
	Note	\$	\$
Current Assets			
Cash and cash equivalents	5	6,360,673	629,049
Trade and other receivables	6	212,913	30,883
Total Current Assets		6,573,586	659,932
Non-Current Assets			
Security deposits	7	229,904	162,056
Plant & equipment	8	228,090	86,855
Exploration assets	9	7,071,419	6,864,104
Total Non-Current Assets		7,529,413	7,113,015
Total Assets		14,102,999	7,772,947
Current Liabilities			
Trade and other payables	11	342,629	190,337
Borrowings		63,307	-
Total Current Liabilities		405,936	190,337
Total Liabilities		405,936	190,337
Net Assets		13,697,063	7,582,610
Equity			
Contributed equity	12	17,136,805	10,089,725
Accumulated losses	13	(4,562,765)	(3,086,837)
Option reserve	13	1,123,023	579,722
Total Equity		13,697,063	7,582,610

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

Consolidated statement of changes in equity

for the year ended 30 June 2013

CONSOLIDATED	Contributed Equity	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2011	7,384,925	(2,559,500)	579,722	5,405,147
Loss for the year		(527,337)		(527,337)
Total comprehensive loss for the year		(527,337)		(527,337)
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital	2,733,724	-	-	2,733,724
Share issue expenses	(28,924)	-	-	(28,924)
Share based payments	-	-	-	-
Balance at 30 June 2012	10,089,725	(3,086,837)	579,722	7,582,610
Loss for the year		(1,475,928)		(1,475,928)
Total comprehensive loss for the year		(1,475,928)		(1,475,928)
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital	7,268,000	-	-	7,268,000
Share issue expenses	(220,920)	-	-	(220,920)
Share based payments	-	-	543,301	543,301
Balance at 30 June 2013	17,136,805	(4,562,765)	1,123,023	13,697,063

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

Consolidated statement of cash flows

For the year ended 30 June 2013

	Note	Consolidated	
		2013	2012
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,007,321)	(519,416)
Interest received		54,466	68,673
Net cash outflow from operating activities	20	(952,855)	(450,743)
Cash flows from investing activities			
Payment for mineral exploration expenditure		(4,931,757)	(2,938,108)
Payment of security deposits		(120,000)	(105,000)
Refund of security deposits		55,000	60,000
Payments for purchase of plant and equipment		(115,844)	(84,312)
Proceeds from disposal of interest in E&E asset through farm-out	9	5,000,000	-
Net cash outflow from investing activities		(112,601)	(3,067,419)
Cash flows from financing activities			
Proceeds from issue of shares		7,018,000	2,643,724
Transaction costs of issue of shares		(220,920)	(28,924)
Net cash inflow from financing activities		6,797,080	2,614,800
Net increase /(decrease) in cash and cash equivalents		5,731,624	(903,363)
Cash and cash equivalents at the start of year		629,049	1,532,412
Cash and cash equivalents at the end of year	5	6,360,673	629,049

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

Notes to the consolidated financial statements 30 June 2013

1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for the consolidated entity which comprises Peel Mining Limited and the subsidiaries it controlled at the end of, or during the financial year ended 30 June 2013.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Peel Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial statements and notes of Peel Mining Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Peel Mining Limited (the parent entity) and Apollo Mining Pty Ltd and Peel Environmental Services Limited (the controlled entities) which Peel Mining Limited controlled during the year and at reporting date ("the Group"). A controlled entity is any entity that Peel Mining Limited has the power to control the financial and operational policies so as to obtain benefits from its activities.

Information from the financial statements of the subsidiary is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated except where costs cannot be recovered.

Investments in subsidiaries are carried at cost in the parent entity.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Revenue is recognised as the interest accrues using the effective interest rate method.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit and loss for the year.

Notes to the consolidated financial statements 30 June 2013

(e) Impairment of assets

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset.

No impairment losses (2012: \$nil) have been recognised for the year ending 30 June 2013.

(f) Cash and cash equivalents

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

(g) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. The allowance for bad debts is recognised in a separate account. Bad debts are written off when identified.

(h) Other financial assets – security deposits

The Group classifies its financial assets as loans and receivables. Management determines the classification at initial recognition and where applicable re-evaluates this designation at the end of each reporting period. Loans and receivables are carried at amortised cost using the effective interest method. The group assesses at the end of each financial period whether a financial asset is impaired.

Security deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(i) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(j) Plant and equipment

All assets acquired, including plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Depreciation on Plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives from the time the asset is held ready for use as follows:

- Plant	3-5 years
- Vehicles	3-5 years
- Office equipment	3-5 years
- Computer software	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(k) Exploration and evaluation expenditure

All exploration and evaluation expenditure are capitalised under AASB 6 Exploration for and Evaluation of Mineral Resource. Mineral interest acquisition, exploration and evaluation expenditure incurred is accumulated and capitalised in relation to each identifiable area of interest. These costs are only carried forward to the extent that the Group's right to tenure to that area of interest are current and either the costs are expected to be recouped through successful development and exploitation of the area of interest (alternatively by sale) or where areas of interest have not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active, and significant operations are being undertaken in relation to, the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

Notes to the consolidated financial statements 30 June 2013

The policy has resulted in exploration expenditure of \$53,455 (2012: \$nil) being written off during the year.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

(m) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity acquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(n) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable is included as a current asset in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from the taxation authority are classified as operating cash flows.

(p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief decision maker has been identified as the Board of Directors.

(q) Share Based Payments

Share-based compensation benefits to directors, employees and consultants are provided at the discretion of the Board.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient becomes unconditionally entitled to the options.

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 fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

(r) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 11). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the

Notes to the consolidated financial statements 30 June 2013

group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 36). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straightline basis over the leaseterm (note 20). The respective leased assets are included in the balance sheet based on their nature.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not yet been applied in the financial report. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments and AASB 2009 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015).

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The entity has not yet made an assessment of the impact of these amendments.

AASB 10 Consolidated Financial Statements (effective for the annual reporting periods commencing on or after 1 January 2013).

AASB 10 introduces certain changes to the consolidation principles, including the concept of de facto control and changes in relation to the special purpose entities. When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities or because the new definition of control does not change the classification of any of the entities investments in subsidiaries, joint arrangements or associates.

AASB 11 Joint Arrangements (effective for the annual reporting periods commencing on or after 1 January 2013).

AASB 11 introduces certain changes to the accounting for joint arrangements. Joint arrangements will be classified as either joint operations (where parties with joint control have rights to assets and obligations for liabilities) or joint ventures (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method. When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

AASB 11 Joint Arrangements (effective for the annual reporting periods commencing on or after 1 January 2013).

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 12 Disclosure of Interest in Other Entities (effective for the annual reporting periods commencing on or after 1 January 2013).

AASB 12 introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

AASB 13 Fair Value Measurement (effective for annual reporting periods commencing on or after 1 January 2013).

AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value on the consolidated statement of financial position or disclosed in the notes to the financial statements. When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

AASB 2012-9 Presentation of Financial Statements (effective for annual reporting periods commencing on or after 1 July 2013).

AASB 101, amended in June 2012, introduces amendments to align the presentation items of other comprehensive income with US GAAP. The group will apply the amended standard from 1 July 2013. When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values. However, there will be no impact on any of the amounts recognised in the financial statements.

AASB 2012-4 Amendments to Australian Accounting Standards – Remove individual Key Management Personnel Disclosure Requirements (effective from 1 July 2013).

When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements

AASB 2012-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective from 1 July 2013).

Notes to the consolidated financial statements 30 June 2013

AASB 2012-9 will align the presentation of items of other comprehensive income (OCI) with US GAAP. When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).

AASB 119 – Employee Benefits (effective for annual periods commencing on or after 1 January 2013)

Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans, actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods, subtle amendments to timing for recognition of liabilities for termination benefits, and employee benefits expected to be settled (as opposed to due to be settled under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability. This standard has no impact as there are no annual leave provision amounts that are non-current. The group will apply this from 1 July 2013.

AASB 2012-5 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective periods commencing on or after from 1 January 2013).

When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20

This interpretation and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine. The adoption of the interpretation and the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

(t) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

The Company makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration assets, where exploration expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Capitalisation and carrying amount of capitalised mining license

The mining leases acquired are carried in the consolidated statement of financial position at cost. The directors have determined that the acquisition cost approximates to the fair value of the asset.

Share-based payment transactions

The group measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined using a Black-Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Impairment of capitalised exploration and evaluation expenditure

It is the group's policy to capitalise costs relating to exploration and evaluation activities. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

2. Financial Risk Management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group manages its credit risk on financial instruments, including cash, by only dealing with banks licensed to operate in Australia and credit ratings of AA.

Notes to the consolidated financial statements 30 June 2013

Trade and other receivables

The Group operates in the mining exploration sector and does not have trade receivables. It is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Carrying amounts	Note	Consolidated	
		2013	2013
		\$	\$
Cash and cash equivalents	5	6,360,673	629,049
Trade and other receivables	6	212,913	30,883

Impairment losses

None of Group's other receivables are past due. At 30 June 2013 the Group does not have any collective impairments on its other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Group ensures it has sufficient cash on hand to meet expected operational expenses for a period of 180 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

	Consolidated		
	Carrying	Contractual	6mths
	Amount	Cash flows	Or less
30 June 2013	\$	\$	\$
Trade and other payables	405,936	405,936	374,277
30 June 2012			
Trade and other payables	190,337	190,337	190,337

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of managing market risk is to manage and control market risk exposures to within acceptable limits, while optimising returns. The Group does not have any risks associated with foreign exchange rates or equity prices.

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates that will increase the costs of floating rate debt or opportunity losses that may arise on fixed rate borrowings in a falling interest rate environment. The Group does not have any borrowings and is, therefore, not exposed to interest rate risk in this area. Cash and cash equivalents at variable rates exposes the group to cashflow interest rate risk. The Group is not exposed to fair value interest rate risk as all of its financial assets and liabilities are carried at amortised amount.

Profile

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

Variable rate instruments	Variable Average Interest Rate	Consolidated	
		Carrying Amount	
		2013	2012
		\$	\$
Short term cash deposits	3.976%	6,360,673	629,049

Cash flow sensitivity analysis for variable rate instruments of the consolidated entity

At 30 June 2013 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax loss would have been \$14,759.28 lower (2012: \$5,273).

Fair values

The carrying values of all financial assets and financial liabilities, as disclosed in the statement of financial position, approximate their fair values.

Notes to the consolidated financial statements 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
3. Revenue		
Interest received	77,502	68,673
Expenditure		
Loss before Income Taxes includes the following		
Specific expenses:		
Superannuation	33,170	8,930
Operating lease payments	36,000	36,000
Directors Fees	155,166	163,500
Employee costs	256,528	157,159
4. Income tax		
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Numerical reconciliation of income tax to prima facie tax payable:		
Loss from continuing operations before income tax	(1,475,928)	(527,337)
At the statutory income tax rate of 30% (2012: 30%)	(442,778)	(158,201)
Assessable Income	1,500,000	
Expenditure not allowed for income tax purposes:		
Assessable Income		
Non-deductible expenses	179,028	-
Deductible Exploration Expenditure	(1,562,195)	
Tax loss not brought to account	325,946	158,201
Income tax benefit reported in the statement of comprehensive income	-	-

The Group has tax losses arising in Australia of \$ 9,345,662 (2012: \$ 8,615,998) available indefinitely for offset against future profits of the Group. No deferred tax asset has been recognised in respect of these losses at this point in time as the Group is still engaged in exploration activities. In the year to 30 June 2013 the Group also had an unrecognised deferred tax asset in respect of equity raising costs of \$152,903 (2012: \$86,627). The deferred tax liability arising from capitalised exploration costs and licence acquisitions have been recognised and offset by the deferred asset balances above.

	Consolidated	
	2013	2012
	\$	\$
5. Cash and Cash Equivalents		
Cash at bank and in hand	40,673	35,148
Term deposit with a financial institution	6,320,000	593,901
	6,360,673	629,049
Refer to Note 2 for the policy on financial risk management		
6. Trade and other receivables		
GST recoverable from taxation authority	189,930	28,088
Interest accrued on term deposits	22,983	2,795
	212,913	30,883
No receivables are past due or impaired		
7. Receivables (Non-current)		
Security deposits on mining tenements	229,904	162,056
	229,904	162,056
8. Plant and equipment		
Plant and equipment		
At cost	377,013	197,862
Less accumulated depreciation	148,923	111,007
	228,090	86,855
Reconciliation		
Carrying amount at beginning of year	86,855	17,860
Additions	179,151	84,313

Notes to the consolidated financial statements 30 June 2013

Depreciation expense	(37,916)	(15,318)
Closing balance	228,090	86,855

9. Exploration assets

At cost	7,071,419	6,864,104
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Reconciliation

Opening balance	6,864,104	4,281,595
Acquisition of exploration lease	250,000	90,000
Other exploration expenditure	5,010,770	2,492,509
Impairment Expense	(53,455)	-
Proceeds from farm out of exploration lease	(5,000,000)	-
Closing balance	7,071,419	6,864,104

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

During the year, Stage-1 and Stage-2 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-imbusement for previous expenditure and contribute \$4,000,000 to exploration on the project to earn an initial 30%. 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.

10. Subsidiary companies

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity holding	
			2013	2012
			%	%
Peel Environmental Services Limited	Australia	Ordinary	100	100
Apollo Mining Pty Ltd	Australia	Ordinary	100	100

	Consolidated	
	2013	2012
	\$	\$
11. Trade and other payables		
Trade payables	299,260	137,809
Accrued expenses & other payables	43,009	52,528
Finance Lease	63,307	-
	405,936	190,337

12. Contributed equity

(a) Share capital

	Consolidated and Parent Entity			
	2013		2012	
	Number of Shares	\$	Number of shares	\$
Ordinary shares fully paid	129,871,683	17,136,805	110,571,683	10,089,725

(b) Movements in ordinary share capital

Opening balance, 1 July	110,571,683	10,089,725	87,757,315	7,384,925
Shares issued pursuant to placement	16,400,000	6,986,000	-	-
Shares issued pursuant to a 'Rights Issue'			21,964,368	2,635,724
Shares issued as consideration for the acquisition of a mining/exploration lease	2,500,000	250,000	750,000	90,000
Shares issued as result of exercise of options	400,000	32,000	100,000	8,000
Transaction costs on share issues		(220,920)		(28,924)
Closing balance, 30 June	129,871,683	17,136,805	110,571,683	10,089,725

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Notes to the consolidated financial statements 30 June 2013

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to options issued during the year is set out in notes 13 and 24.

(e) Capital risk management

In employing its capital (or equity as it is referred to on the statement of financial position) the company seeks to ensure that it will be able to continue as a going concern and in time provide value to shareholders by way of increased market capitalisation or dividends. In the current stage of its development, the company has invested its available capital in acquiring and exploring mining tenements. As is appropriate at this stage, the company is funded entirely by equity. As it moves forward to develop its tenements towards a production stage, the company will adjust its capital structure to support its operational and strategic objectives, by raising additional capital or taking on debt, as is seen to be appropriate from time to time given the overriding objective of creating shareholder value. In this regard, the board will consider each step forward in the development of the company on its merits and in the context of the then capital markets, in deciding how to structure capital raisings.

	Consolidated	
	2013	2012
	\$	\$
13. Reserves and accumulated losses		
<i>(i) Accumulated losses</i>		
Opening balance, 1 July	(3,086,837)	(2,559,500)
Loss for the year	(1,475,928)	(527,337)
Closing balance, 30 June	(4,562,765)	(3,086,837)
<i>(ii) Share-based payments reserve</i>		
Opening balance, 1 July	579,722	579,722
Option expenses (employee options)	543,301	-
Closing balance, 30 June	1,123,023	579,722

Nature and purpose of reserve

The share-based payment reserve represents the fair value of equity benefits provided to Directors and employees as part of their remuneration for services provided to the Company paid for by the issue of equity.

Share options and reserve movements

	Consolidated and Parent Entity			
	2013		2012	
	Options	\$	Options	\$
Opening balance, 1 July	200,000	579,722	300,000	579,722
Expired during year	-	-	-	-
Issued to employees and directors	3,100,000	543,301	(100,000)	-
Exercised	(400,000)	-	-	-
Closing balance, 30 June	2,900,000	1,123,023	200,000	579,722
Exercisable at 8 cents each on or before 30 March 2013	-	-	200,000	-
Exercisable at 50 cents each on or before 28 November 2015	2,500,000	-	-	-
Exercisable at 8 cents each on or before 31 July 2014	400,000	-	-	-

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value (Note 24)

14. Remuneration of Auditors

	Consolidated	
	2013	2012
	\$	\$
Amounts paid or due and payable to the auditors		
BDO Audit (WA) Pty Ltd:		
Auditing or reviewing the financial report	41,845	31,691
Non-assurance services	-	12,161
	41,845	43,852

15. Contingencies

The Group has a contingent liability for the year ended 30 June 2013 due to Weddarla Pty Ltd for the purchase of a tenement. The liability is for shares to the value of \$775,000, at a deemed price to be determined upon completion of the condition precedent being Ministers approval for the transfer to occur. The group had no contingent assets or liabilities for 2012.

Notes to the consolidated financial statements 30 June 2013

16. Expenditure commitments

Under the terms of mineral tenement licences held by the company, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with Department of Industry and Resources regulations.

Expenditure commitments contracted for at the reporting date but not recognised as liabilities are as follows:

	Consolidated	
	2013	2012
	\$	\$
Within one year	1,174,880	278,793
Later than one year but not later than five years	1,671,140	444,960
Later than five years	20,000	69,000
	2,866,020	792,753

Mallee Bull Project Farm-in by CBH Resources Limited will contribute \$3,330,000 to these commitments.

17. 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.

	Consolidated	
	2013	2012
	\$	\$
Revenue from external sources	-	-
Reportable segment (loss)	(91,371)	(17,292)
Reconciliation of reportable segment (assets)		
Reportable segment assets	7,299,509	6,950,959
Cash	6,360,673	629,049
Unallocated Segment Assets	442,817	192,939
Total Assets	14,102,999	7,772,947
Reconciliation of reportable segment (loss)		
Reportable segment (loss)	(91,371)	(17,292)
Other revenue	77,502	68,673
Unallocated: - Corporate expenses	(1,462,059)	(578,718)
Loss before tax	(1,475,928)	(527,337)

18. Related Parties

Transactions with related parties

During the year Peel Mining Limited and its subsidiaries (see note 10) had no transactions with related parties other than the transactions shown in note 23.

19. Events occurring after the Reporting date

Settlement of Wirchiliba

Settlement of Wirchiliba Station, on which Peel Mining Limited's flagship Mallee Bull project is located, was completed on 30 August 2013. Peel Mining Limited acquired 7974 ha land for \$720,000 (after previously taking out an \$80,000 option on the land) to secure access to the Mallee Bull project going forward.

Stage 3 of Mallee Bull Farm-in Agreement with CBH Resources commences

Stage 3 of the Mallee Bull Farm-in agreement with CBH Resources Limited commenced, with \$600,000 in cash calls being paid between balance date and the date of this report.

Sandy Creek acquisition complete

Peel Mining Limited completed the acquisition of the Sandy Creek tenement from Weddarla Pty Ltd, for 2,214,286 ordinary Peel Mining shares on the 2nd August 2013.

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.

Notes to the consolidated financial statements 30 June 2013

20. Reconciliation of cash flows from operating activities to loss after income tax

	Consolidated	
	2013	2012
	\$	\$
Net cash outflow from operating activities	(952,855)	(450,743)
Share-based payments	(543,301)	-
Depreciation	(37,916)	(15,318)
Impairment	(53,455)	-
Change in operating assets and liabilities		
Increase in receivables	182,030	(41,106)
Decrease/(increase) in payables	(70,431)	(20,170)
Loss after income tax	(1,475,928)	(527,337)

21. Non-cash investing and financing activities

Acquisition of a exploration lease by issue of 2,500,000 ordinary shares at 10 cents each	250,000	-
750,000 ordinary shares at 12 cents each	-	90,000
Acquisition of plant and equipment by means of finance lease	69,790	-

22. Loss per share

Basic loss per share

	Consolidated	
	2013	2012
Loss from continuing operations attributable to the ordinary equity holders of the company	(0.013)	(0.005)

Reconciliation of loss used in calculation of loss per share

Loss used in calculating basic loss per share	(1,475,928)	(527,337)
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Weighted average number of shares used as the denominator

	Consolidated	
	Number of Shares	Number of Shares
	2013	2012
Weighted average number of shares used in calculating basic loss per share	114,709,183	101,132,746

Effect of dilutive securities

Options on issue at reporting date could potentially dilute earnings per share in the future. The effect in the current year is to reduce the loss per share hence they are considered anti-dilutive. Accordingly the diluted loss per share has not been disclosed.

23. Key Management Personnel Disclosures

	Consolidated	
	2013	2012
	\$	\$
(a) Compensation of key management personnel		
Short-term employee benefits	435,742	381,843
Post-employment benefits	39,952	34,366
Long-term benefits	-	-
Share-based payments	534,534	-
	1,010,228	416,209

(b) Shares issued on exercise of compensation options

There were no shares issued on the exercise of compensation options during the year by key management personnel.

(c) Option holdings of key management personnel

Notes to the consolidated financial statements 30 June 2013

30 June 2013	Balance at the start of the year	Granted as compensation	Expired during year	Exercised	Other Change*	Balance at end of the year	Vested and exercisable	Unvested
Directors								
R Tyson	-	1,000,000	-	-	-	1,000,000	1,000,000	-
S Hadfield	-	500,000	-	-	-	500,000	500,000	-
G Hardie	-	500,000	-	-	-	500,000	500,000	-
C McGown*	-	500,000	-	-	(500,000)	-	-	-
Executives								
R Woodhouse	-	200,000	-	-	-	200,000	100,000	100,000
D Hocking	100,000	-	-	100,000	-	-	-	-

All vested options are exercisable at the end of the year.

*Holding as per date of retirement on the 8th April 2013

30 June 2012	Balance at the start of the year	Granted as compensation	Expired during year	Exercised	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Executives							
D Hocking	100,000	-	-	-	100,000	100,000	-

All vested options are exercisable at the end of the year.

(d) Share holdings of Directors – Shares in Peel Mining Limited (number)

30 June 2013	Balance at 1 July 2012	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2013
Directors				
G Hardie	15,029,095	-	293,795	15,322,890
R Tyson	7,000,000	-	-	7,000,000
S Hadfield	4,812,564	-	-	4,812,564

Of the balance at 30 June 2013, the amounts held nominally in respect of each director are: R Tyson 4,500,000 and S Hadfield 1,250,000.

30 June 2012	Balance at 1 July 2011	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2012
Directors				
G Hardie	12,023,276	-	3,005,819	15,029,095
R Tyson	5,000,000	-	2,000,000	7,000,000
S Hadfield	3,710,051	-	1,102,513	4,812,564
C McGown	1,500,000	-	375,000	1,875,000

Of the balance at 30 June 2012, the amounts held nominally in respect of each director are: R Tyson 4,500,000 and S Hadfield 1,250,000.

(e) Other transactions with key management personnel

Simon Hadfield, is a director of Resource Information Unit Pty Ltd (RIU). RIU provides head office accommodation and secretarial services and charges the Company management fees on a monthly basis. Total fees charged to the Company by RIU for the year ended 30 June 2013 were \$36,000 (2012: \$36,000). During the year the Company placed advertisements to the value of \$9,300 (2012: \$5,100) in a publication owned and operated by RIU and participated in conferences, to the value of \$20,000 (2012: \$13,744) organised by RIU Conferences Pty Limited, another company of which Mr Hadfield is a director. These amounts are included in loss for the year within administration expenses and on the statement of financial position within trade and other payables at year end.

Notes to the consolidated financial statements 30 June 2013

Aggregate amounts of each of the above types of other transactions with key management personnel of Peel Mining Limited:

Amounts recognised as expense	Consolidated	
	2013	2012
	\$	\$
Management fees	36,000	36,000
Advertisements	9,300	5,100
Conferences	20,000	13,744
	65,300	41,100

24. Share-based Payments

(a) Share-based payment expenses

During the year the Company has granted options to employees through its Employee Share Option Plan.

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

	Consolidated			
	2013	2013	2012	2012
	Number	\$	Number	\$
Options granted to employees (c)	600,000	16,007	-	-

(b) Director options

Set out below are summaries of Directors options granted

	Consolidated			
	2013	2013	2012	2012
	Number	\$	Number	\$
Options granted to Directors	2,500,000	527,294	-	-

30 June 2013

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
18 Dec'12	28 Nov'15	\$0.50	-	2,500,000	-	-	2,500,000	2,500,000
Total			-	2,500,000	-	-	2,500,000	2,500,000

(c) Employee option plan

An employee option plan, designed to provide long-term incentives for senior employees to deliver long-term shareholder returns, was established in June 2008. The plan was approved by shareholders at annual general meeting. Under the plan, participants are granted options of which 50% are vested immediately and the remainder after 12 months employment with the Company.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share at an exercise price of 8 cents.

Set out below are summaries of options granted under the plan.

30 June 2013

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number
11 Jul'12	31 Jul'14	\$0.08	-	600,000	200,000	-	400,000	100,000
18 Mar'11	30 Mar'13	\$0.08	200,000	-	200,000	-	-	-

30 June 2012

Notes to the consolidated financial statements 30 June 2013

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
18 Mar'11	30 Mar'13	\$0.08	-	300,000	100,000	-	200,000	200,000

(d) 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 30 June 2013 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 30 June 2013 included:

	Employee Options	Directors
(i) Options are granted for no consideration and vest accordingly	50% vest immediately, 50% vest in one year from grant date	100% vest immediately
(ii) Exercise Price	8 cents	50 cents
(iii) Grant Date	11 July 2012	28 November 2012
(iv) Expiry Date	31 July 2014	28 November 2015
(v) Share Price at Grant Date	7 cents	37 cents
(vi) Expected Price Volatility	100%	100%
(vii) Expected Dividend Yield	0.00%	0.00%
(viii) Risk-free interest rate	2.41%	2.67%

(e) Acquisition of an Asset

During the 2013 year, the Group purchased a exploration lease in the Cobar District of New South Wales from Oz Minerals Limited for consideration 2,500,000 Peel Mining Limited shares, at a value of 10 cents per share.

25. Parent entity information

	Parent entity	
	2013	2012
	\$	\$
Statement of financial position		
Current assets	6,573,586	659,932
Total assets	13,179,705	7,777,947
Current liabilities	408,886	193,287
Total liabilities	408,886	193,287
Net assets	12,770,819	7,584,660
Equity		
Issued capital	17,136,805	10,089,725
Share option reserve	1,123,023	579,722
Accumulated losses	(5,489,009)	(3,084,787)
Total equity	12,770,819	7,584,660
Statement of comprehensive income		
Revenue	77,502	68,673
Loss for the year	(2,404,222)	(527,337)
Total comprehensive loss for the year	(2,404,222)	(527,337)

Commitments for the parent entity are the same as those for the consolidated entity and are set out in Note 16. The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

Directors' declaration

The Board of Directors of Peel Mining Limited declares that:

- (a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 30 June 2013 and performance for the financial year ended on that date of the consolidated entity.
- (b) The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (d) the Board of Directors have been given the declaration by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

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



Rob Tyson

Executive director
Perth, Western Australia
30th September 2013

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

As lead auditor of Peel Mining Limited for the year ended 30 June 2013, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Dated this 30th day of September 2013

INDEPENDENT AUDITOR'S REPORT

To the members of Peel Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Peel Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2013, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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.

Opinion

In our opinion:

- (a) the financial report of Peel Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Peel Mining Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO


Chris Burton
Director

Perth, Western Australia
Dated this 30th day of September 2013

Corporate governance statement

A description of the Company's main corporate governance practices is set out below. These practices, unless otherwise stated, were adopted on 20th March 2007. Copies of relevant corporate governance policies are available in the corporate governance section of the Company's web-site at www.peelmining.com.au.

Board of Directors

The Board is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders. Day to day management of the Company's affairs and the implementation of corporate strategies and policy initiatives are formally delegated by the Board to the Managing Director and senior executives, as set out in the Company's Board charter.

Board composition

The Board charter states that:

- the Board is to comprise an appropriate mix of both executive and non-executive directors.
- the roles of Chairman and Managing Director will not be combined.
- the Chairman is elected by the full Board and is required to meet regularly with the Managing Director.

Board members should possess complementary business disciplines and experience aligned with the Company's objectives, with a number of directors being independent and where appropriate, major shareholders being represented on the Board. Consequently, at various times there may not be a majority of directors classified as being independent, according to ASX guidelines. However, where any director has a material personal interest in a matter, the director will not be permitted to be present during discussions or to vote on the matter.

Directors' independence

The experience, qualifications and term of office of directors are set out in the Directors' Report. The Board comprises three directors one of whom is considered independent under the principles set out below. Having regard to the share ownership structure of the Company, it is considered appropriate by the Board that a major shareholder may be represented on the Board and if nominated, hold the position of Chairman. Such appointment would not be deemed to be independent under ASX guidelines. The Chairman is expected to bring independent thought and judgement to his role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chairman must declare his interest and abstain from any consideration or voting on the relevant matter.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which shall not be unreasonably withheld.

Performance assessment

The Board has adopted a formal process for an annual self-assessment of its collective performance and the performance of individual directors. The Board is required to meet annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties. A formal assessment was undertaken during the year, using a self-assessment checklist as the basis for evaluation of performance against the requirements of the Board charter.

Corporate reporting

The Managing Director and Chief Financial Officer provide a certification to the Board on the integrity of the Company's external financial reports. The Board does not specifically require an additional certification that the financial statements are founded on a sound system of risk management and that compliance and control systems are operating efficiently and effectively. The Board considers that risk management and internal compliance and control systems are sufficiently robust for the Board to place reliance on the integrity of the financial statements without the need for an additional certification by management.

The company has established policies for the oversight and management of material business risk.

Board Committees

Whist at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship makes use of committees. To this end the Board has established or may establish the following committees:

- Audit committee;
- Nomination committee; and
- Remuneration committee.

At present the board has deemed the Company's current size does not sufficiently warrant the establishment of the above-mentioned committees; however the Board will continually re-evaluate this position as necessary. If or when these committees are established, each will have its own written charter. Matters determined by the committees will be submitted to the full Board as recommendations for Board consideration.

If or when an audit committee is established, the committee will oversee accounting and reporting practices and will also be responsible for:

- Co-ordination and appraisal of the quality of the audits conducted by the Company's external auditors;

Corporate governance statement

- Determination of the independence and effectiveness of the external auditors;
- Assessment of whether non-audit services have the potential to impair the independence of the external auditor;
- Reviewing the adequacy of the reporting and accounting controls of the Company.

If or when a remuneration committee is established, the remuneration committee will review all remuneration policies and practices for the Company, including overall strategies in relation to executive remuneration policies and compensation arrangements for the Managing Director and Non-Executive Directors, as well as all equity based remuneration policies.

Details of the Company's current remuneration policies are set out in the Remuneration Report section of the Directors' Report. The remuneration policy states that executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in appropriate circumstances.

The responsibility for the selection of potential directors and to review membership lies with the full Board of the Company and consequently no separate nomination committee has been established. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the establishment of a separate nomination committee will be reconsidered.

External Auditors

The performance of the external auditor is reviewed annually. BDO Audit (WA) Pty Ltd was appointed as the external auditors in 2006. It is both the Company's and BDO Audit (WA) Pty Ltd.'s policy to rotate audit engagement partners at least every five years and the review partner every five years.

The external auditors provide an annual declaration of their independence to the Board. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Code of Conduct

A formal code of conduct for the Company applies to all directors and employees. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, officers, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Continuous Disclosure and Shareholder Communications

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings.

The Managing Director and Company Secretary have been nominated as the Company's primary disclosure officers. All information released to the ASX is posted on the Company's web-site immediately after it is disclosed to the ASX. When analysts are briefed on aspects on the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's web-site. All shareholders receive a copy of the Company's annual report. In addition, the Company makes all market announcements, media briefings, details of shareholders meetings, press releases and financial reports available on the Company's web-site.

Share trading policy

The Company has established a share trading policy which governs the trading in the Company's shares and applies to all directors and key management personnel of the Company.

Under the share trading policy directors or key management personnel must not trade in any securities of the Company at any time when they are in possession of unpublished, price sensitive information in relation to those securities.

No acquisitions or sale of Company securities may be made during closed periods i.e. the time from two weeks prior to, and 24 hours after the release of the quarterly cash flow report nor prior to any anticipated announcement to the ASX or for a 24 hour period after the announcement. Trading of securities outside the trading windows can only occur with the approval of the Chairman or Board of Directors.

As required by the ASX rules, the Company notifies the ASX of any transaction in the securities of the Company conducted by directors.

Shareholder information

Information relating to shareholders at 27 September 2013

Distribution of shareholders

Range	No. of Holders	No. Ord Shares	%
1 - 1,000	38	11,501	0.01
1,001 - 5,000	141	431,461	0.33
5,001 - 10,000	135	1,188,774	0.90
10,001 - 100,000	374	14,785,363	11.19
100,001 - 9,999,999,999	149	115,668,870	87.57
Total	837	132,085,969	100.00

Twenty largest shareholders

	No. Ord Shares	%
1. POINT NOMINEES PTY LTD <JACKSON SUPER FUND ACCOUNT>	15,322,890	11.60
2. HAMPTON HILL MINING NL	13,130,000	9.94
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	8,325,903	6.30
4. MR ROBERT MACLAINE TYSON	6,845,125	5.18
5. MR SIMON HADFIELD	3,812,564	2.89
6. ARIKI INVESTMENTS PTY LIMITED	3,425,000	2.59
7. WYTHENSHAWE PTY LTD	3,035,165	2.30
8. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,601,925	1.97
9. CATHOLIC CHURCH INSURANCE LIMITED	2,535,000	1.92
10. OZ INVESTMENTS PTY LTD	2,500,000	1.89
11. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,172,226	1.64
12. WEDDARLA PTY LTD <GOLDNER FAMILY A/C>	2,114,286	1.60
13. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,038,224	1.54
14. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,010,000	1.52
15. WYTHENSHAWE PTY LTD <MINJAR A/C>	2,000,000	1.51
16. MR HUGH BROWN + MRS TANYA BROWN	1,555,887	1.18
17. JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	1,300,000	0.98
18. NALMOR PTY LTD JOHN CHAPPELL SUPER FUND A/C	1,300,000	0.98
19. EMPIRE ENERGY GROUP LIMITED	1,220,000	0.92
20. NATIONAL NOMINEES LIMITED	1,166,411	0.88
	78,410,606	59.33

Substantial shareholders

	No. Ord Shares	%
1 Point Nominees Pty Ltd (Jackson Super Fund)	15,322,890	11.60
2 Hampton Hill Mining NL	13,130,000	9.94
3 J P Morgan Nominees Australia Limited	8,325,903	6.30
4 Robert MacLaine Tyson	7,000,000	5.18

At the prevailing market price of \$0.365 per share there were fifty shareholders with less than a marketable parcel of \$500 at 27 September 2013.

At 27 September 2013 there were holders of ordinary shares in the Company.

At the date of this report there were no shares or options restricted by the ASX.

Shareholder information

Voting Rights

The voting rights attaching to the ordinary shares, set out in Clause 12.11 of the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

1. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
2. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
3. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited)"

Statement under ASX Listing Rule 4.10.19

From the date of admission of the Company's shares on ASX (17 May 2007) to the date of this Annual Report, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. Expenditures have been in line with Prospectus estimates.