

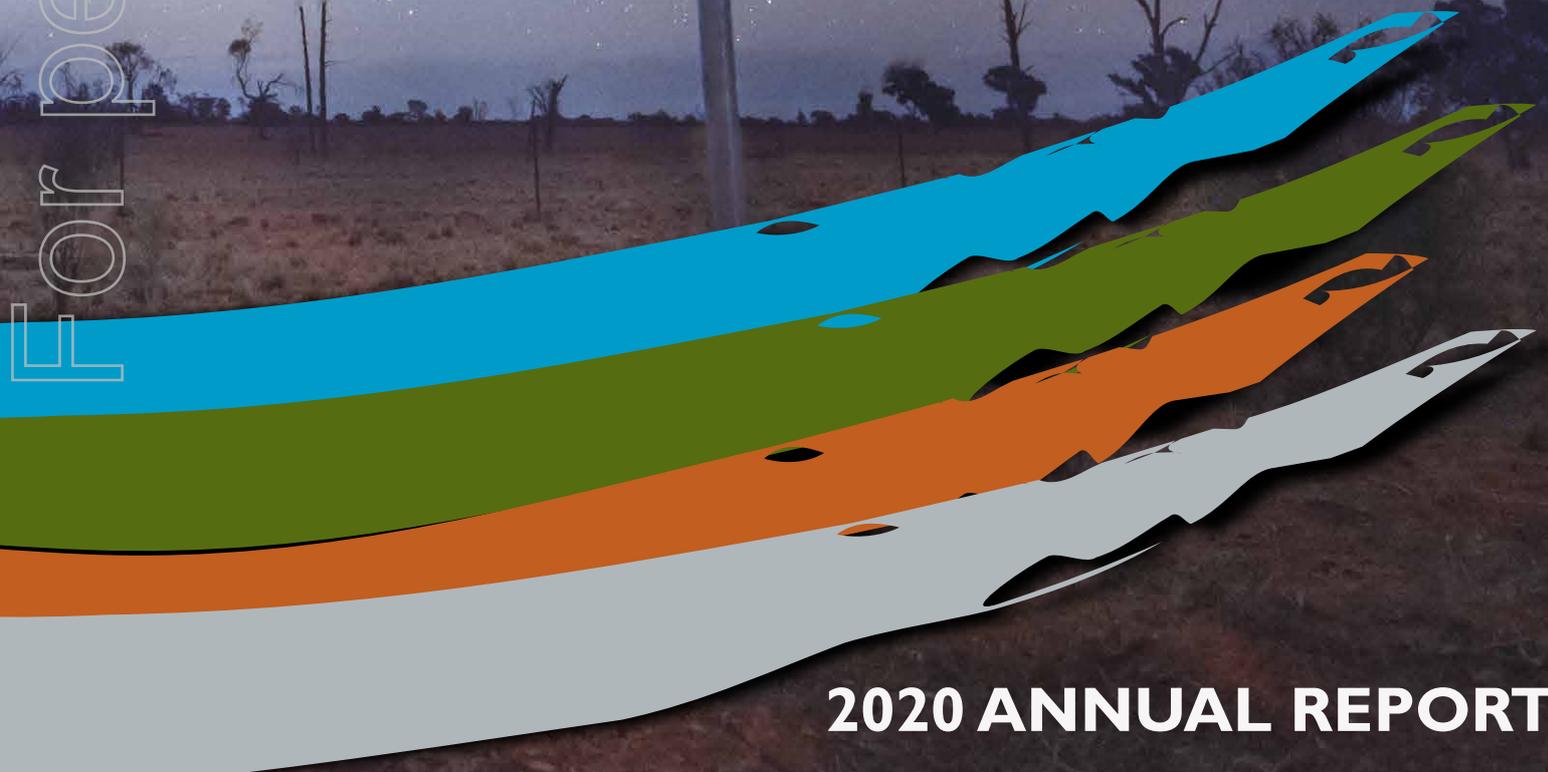
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peel mining

LIMITED

ACN 119 343 734



2020 ANNUAL REPORT

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CORPORATE DIRECTORY

Directors

Simon Hadfield Non-executive Chairman
Rob Tyson Managing Director
Graham Hardie Non-executive Director
James Simpson Executive Director Mining

Company Secretary

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Stock Exchange Listing

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

ASX Code

PEX

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Peel Mining Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the directors on 9 September 2020. The directors have the power to amend and reissue the financial statements.

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

The past 12 months has been an exciting year of growth for Peel Mining Limited, which, subsequent to the year end, grew even further with the Company regaining 100% control of two of its most exciting projects and in the process, changing its main metal of concern to copper.

The most important event was the recent acquisition by Peel of CBH Resources Limited's 50% interest in the Mallee Bull Joint Venture, by exercising its pre-emptive right to match a third party's unconditional offer of \$17 million. The purchase will return 100% control of the high-grade Mallee Bull copper deposit and the gold-polymetallic May Day deposit to Peel.

Mallee Bull is one of Australia's highest-grade undeveloped copper deposits, whilst May Day is an Au-Ag-Zn-Pb-Cu VMS-style deposit with open pit potential on a granted mining lease, which offers excellent potential to be advanced to a maiden resource quickly and at low cost. Both deposits are located centrally within Peel's strategic land position in the world-class Cobar Basin in NSW, a low-risk and well established mining jurisdiction.

Shortly after announcing the acquisition of CBH's 50% share of Mallee Bull, the Company announced that 100% ownership of the Wirlong copper discovery had also reverted back to Peel. Wirlong is about 30km north of Mallee Bull and has all the hallmarks of other high-grade copper discoveries in the Cobar Basin. Part of the Cobar Superbasin Project, the project reverted to Peel after the Japanese Government-owned JOGMEC had spent more than \$8 million on exploration. JOGMEC's decision came very soon after the Japanese-owned CBH Resources had agreed to sell its 50% share of Mallee Bull back to Peel. Mallee Bull and Wirlong are both classic "Cobar-style" Cu-Ag-Au-Zn-Pb deposits with similar attributes to the world-class CSA mine located north of the town of Cobar.

The Mallee Bull purchase ended a successful eight-year partnership with CBH, a 100% subsidiary of Toho Zinc of Japan, during which CBH contributed more than \$13 million to exploration on the project. It followed an announcement by CBH of the impending closure of its other major Cobar asset, the Endeavour Mine, and with this the opportunity to utilise some of that mine's spare milling capacity for the Mallee Bull project. The purchase followed discussions between the two companies, which began in late 2019 when Peel Managing Director Rob Tyson and Executive Director (Mining) Jim Simpson travelled to Tokyo to meet the Chairman of Toho, Mr Kimiyasu Marusaki, with a view to Peel possibly buying back CBH's 50% share of Mallee Bull. Settlement is expected to be completed in the next few months.

To fund the Mallee Bull acquisition, post year end, the Company undertook a successful capital raising of \$17.1 million, comprising a heavily oversubscribed placement to institutional, sophisticated and professional investors to raise \$10.5 million and a 1:8 entitlements offer to raise \$6.6 million. The Company welcomed several new institutional investors who have taken significant stakes in Peel.

The consolidation and control of both the Mallee Bull Joint Venture and the Wirlong project repositions the focus of Peel to copper. The two deposits, together with the Southern Nights-Wagga Tank project, deliver the potential critical mass of resources to support Peel's strategy of establishing a robust standalone operation supported by multiple mines in the Southern Cobar Basin.

Southern Nights-Wagga Tank is located about 50km from Mallee Bull. It is a high-grade Zn-Pb-Ag-Au-Cu VMS-style, which remains open along strike and down dip, and shows every sign of growing into a very large mineral system.

CHAIRMAN'S LETTER

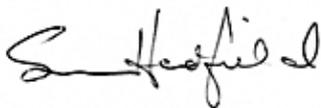
Peel has now adopted a two-year strategy across its deposits to:

- undertake a major drilling programme to establish mineable resources;
- prove up a critical mass of ore reserves and mining inventory;
- complete significant metallurgical testwork;
- produce conceptual mine designs;
- engage with engineering firms to prepare a polymetallic mill design to process 1.2Mtpa, with the mill envisaged to be centrally located amongst Peel's projects and capable of processing Au-Ag-Cu-Pb-Zn, the primary metals associated with Peel's key deposits; and
- complete Feasibility Studies to reach a final investment decision.

The Company was pleased to welcome new director Jim Simpson in September last year. Jim is a Mining Engineer with many years of experience in mine management and development particularly in base metals and gold. He also has extensive experience as a Company Director and CEO. His experience is proving to be invaluable as the Company moves into the development phase.

Finally, on behalf of all shareholders, I would like to thank our executive team, Rob Tyson, Jim Simpson and Company Secretary Ryan Woodhouse for achieving significant milestones in the past year. I would also like to thank our hard-working field workers and office staff who have continued to do a great job as we battle our way through the COVID-19 crisis.

Yours sincerely



Simon Hadfield

Chairman

9 September 2020

REVIEW OF OPERATIONS

Peel Mining Limited (“the Company”) is a base and precious metals explorer focused on developing its projects in the Cobar Region of New South Wales, Australia. Peel Mining Ltd has been active in the Cobar Superbasin since March 2010. In that time, the Company has grown to become NSW's predominant greenfield's explorer, with the largest single company holding of ~3,500km² in the Cobar Superbasin. The Company has made three major discoveries in this time; the **Wagga Tank-Southern Nights Lead-Zinc-Silver dominant discovery**, the **Mallee Bull Copper dominant discovery** and the **Wirlong Copper discovery**.

The **Wagga Tank Project** is located on the western edge of the Cobar Superbasin, ~130 km south of Cobar or ~30km northwest of Mount Hope and is host to the namesake polymetallic VMS-type deposit. Mineralisation straddles a broad zone of intense tectonic brecciation and hydrothermal alteration (sericite-chlorite with local silicification) and occurs as sub-vertical elongate shoots/lenses. Drilling to date has focused on defining the geometry and extent of large-scale Zn-rich mineralisation at Wagga Tank-Southern Nights.

The **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. The Company and CBH Resources Limited (a wholly owned subsidiary of Toho Zinc Co. Ltd.) were in a 50:50 Joint Venture over the project tenements EL7461 and ML1361. Subsequent to the year end, the Company has exercised its pre-emptive right to acquire CBH Resources Limited's 50% share of the Mallee Bull Joint Venture by matching a third party's unconditional offer, regaining 100% control of the Mallee Bull Project.

Mallee Bull is interpreted to be located in a favourable geological and structural position; it is situated in the suitably high-stress environment of the “nose” of an anticline, and occurs in a geological sequence of turbidite and volcanoclastic sediments which are thought to be age equivalent to the Chesney and Great Cobar Slate Formations found in the immediate Cobar region. Mineralisation occurs either as massive sulphide or hydrothermal breccia styles within a package of brecciated volcanoclastic and turbidite sediments comprising siltstones and mudstones and is interpreted to occur as a shoot/lens-like structure dipping moderately to the west. The deposit is split into three lenses; Silver Ray, Union and Mallee Bull Deeps.

The **Cobar Superbasin Project (CSP)** was under a Memorandum of Agreement with Japanese Oil Gas and Metals National Corporation (JOGMEC) which earned a 50% interest in the project. Post year end, the Company received written notice from JOGMEC of its decision to withdraw from the CSP, and to terminate the Memorandum of Agreement. As a result of the termination, JOGMEC's rights and interests in CSP tenure will be transferred to the Company at no cost, resulting in the Company regaining 100% ownership.

The CSP comprises 16 highly prospective tenements covering ~1,400 km² in the Cobar Basin. Investigations so far have resulted in the discovery of a significant copper mineralised system at the **Wirlong** prospect. Wirlong is defined by >2 km strike of sheared volcanics and sediments; large multi-element soil geochemical anomalies; and coincident/semi-coincident geophysical anomalies.

REVIEW OF OPERATIONS

Wagga Tank - Southern Nights (PEX 100%).

Targets: Cobar-style polymetallic mineralisation; Volcanogenic Massive Sulphide mineralisation.

The Company's primary focus during the year was at the Wagga Tank/Southern Nights prospect following the successful discovery of the high grade Southern Nights lens in 2017 and the release in July 2019 of its maiden JORC 2012 Indicated and Inferred Mineral Resource Estimate ("MRE"). A close spaced infill and extensional resource definition drilling programme was designed to progress the Wagga Tank-Southern Nights Project towards development. Drilling targeted three main zones within the Wagga Tank-Southern Nights system; the **Wagga Tank prospect** where the quality of the historic drilling impacted the Maiden MRE, the **Corridor Zone** between Wagga Tank and Southern Nights and the **Southern Nights prospect** high grade zone to continue to improve resource confidence. In addition, step out drilling was completed along strike and downdip of the main resource area, testing for extensions to grow the overall resource base.

During fiscal 2019/20, the Company drilled 30 new holes for 9,475m with an additional 1,866m completed on diamond tails and wedge drillholes on collars from previous drill programs. The drill programme resulted in some exceptional drill assays:

Wagga Tank

- WTRCDD218 returning **33.3m @ 1.48% Cu, 1.41 g/t Au, 8 g/t Ag, 0.38% Zn and 0.14% Pb** from 201.7m including **8.6m @ 2.72% Cu, 3.73 g/t Au, 15 g/t Ag, 0.26% Zn and 0.37% Pb** from 202.4m
- WTRCDD226 returning **15.1m @ 3.43% Zn, 2.07% Pb, 33 g/t Ag and 0.31 g/t Au** from 279m including **2.85m @ 7.92% Zn, 6.39% Pb, 110 g/t Ag and 0.74 g/t Au** from 291.25m

Corridor Zone

- WTRCDD141 returning **2.1m @ 4.7% Cu, 129 g/t Ag, 0.15 g/t Au, 0.4% Zn and 0.5% Pb** from 530.2m; and **58.3m @ 5.4% Zn, 2.3% Pb, 0.1% Cu, 24 g/t Ag and 0.31 g/t Au** from 546.7m including **13.1m @ 11.1% Zn, 5.7% Pb, 0.05% Cu, 52 g/t Ag and 0.51 g/t Au** from 553.9m
- WTRCDD141W1 returning **9m @ 7.6% Zn, 4.7% Pb, 0.1% Cu, 153 g/t Ag and 0.46 g/t Au** from 501m including **2.8m @ 21.6% Zn, 12.7% Pb, 0.4% Cu, 441 g/t Ag and 1.23 g/t Au** from 505.1m; and **17m @ 1.3% Cu, 25 g/t Ag, 0.14 g/t Au, 0.1% Zn, 0.1% Pb** from 510m; and **47m @ 6.3% Zn, 2.8% Pb, 0.05% Cu, 24 g/t Ag and 0.28 g/t Au** from 573m; and **53m @ 3.4% Zn, 1.9% Pb, 0.1% Cu, 24 g/t Ag and 0.46 g/t Au** from 626m

Southern Nights

- WTRCDD235 returning **23.2m @ 7.72% Zn, 3.33% Pb, 48 g/t Ag, 0.1% Cu, 0.24 g/t Au** from 272.8m, including **10.8m @ 13.1% Zn, 5.22% Pb, 91 g/t Ag, 0.12% Cu, 0.33 g/t Au** from 273.5m
- WTRCDD239 returning **41m @ 4.72% Zn, 1.04% Pb, 35 g/t Ag, 0.28% Cu, 0.4 g/t Au** from 259m including **13m @ 8.65% Zn, 1.5% Pb, 28 g/t Ag, 0.4% Cu, 0.38 g/t Au** from 278m

A new high-grade zone located at the southern end of Southern Nights returned strong assay results including some of the highest grade gold mineralisation intersected at Southern Nights:

- WTRCDD238 returning **35m @ 6.3% Zn, 2.59% Pb, 1.5 g/t Ag, 0.24% Cu and 1.87 g/t Au** from 232m including **5.9m @ 17.13% Zn, 8.34% Pb, 376 g/t Ag, 0.26% Cu and 7.6 g/t Au** from 232.8m; and **7m @ 13.3% Zn, 4.4% Pb, 97 g/t Ag, 0.1% Cu, 0.89 g/t Au** from 251m

REVIEW OF OPERATIONS

In March 2020 a substantial resource upgrade at Wagga Tank-Southern Nights was released comprising an Indicated and Inferred MRE of **4.95Mt @ 5.0% Zn, 2.0% Pb, 78 g/t Ag, 0.3% Cu, and 0.4 g/t Au** was reported within AU\$80/t NSR mineable shapes, **a 31.5% increase in Indicated and Inferred resource tonnage** from the previous MRE of 3.8Mt @ 5.5% Zn, 2.1% Pb, 75 g/t Ag, 0.27% Cu and 0.31 g/t Au (see Table 1 below).

Significantly, an increase in Indicated MRE to **2.95Mt @ 5.73% Zn, 2.33% Pb, 86 g/t Ag, 0.23% Cu, 0.36 g/t Au** has been reported within AU\$80/t NSR mineable shapes, **a 161% increase in Indicated resource tonnage** from the previous MRE of 1.13Mt @ 8.8% Zn, 3.5% Pb, 107 g/t Ag, 0.28% Cu, 0.44 g/t Au.

Table 1 - Southern Nights and Wagga Tank Mineral Resource Estimate as at March 2020

Southern Nights Mineral Resource Estimate							
Resource Classification	Tonnes (Kt)	NSR \$/t	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)
Indicated	2,540	173	5.90	2.30	88.9	0.19	0.33
Inferred	1,600	120	3.7	1.4	59	0.3	0.3
Total Resource	4,140	150	5.0	2.0	77	0.2	0.3
Wagga Tank Mineral Resource Estimate							
Resource Classification	Tonnes (Kt)	NSR \$/t	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)
Indicated	410	169	4.67	2.52	64.3	0.50	0.53
Inferred	400	180	5.3	2.3	98	0.3	0.5
Total Resource	810	170	5.0	2.4	81	0.4	0.5
Combined Southern Nights-Wagga Tank Mineral Resource Estimate							
Resource Classification	Tonnes (Kt)	NSR \$/t	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)
Indicated	2,950	172	5.73	2.33	85.5	0.23	0.36
Inferred	2,000	130	4.0	1.6	67	0.3	0.3
Total Resource	4,950	160	5.0	2.0	78	0.3	0.4

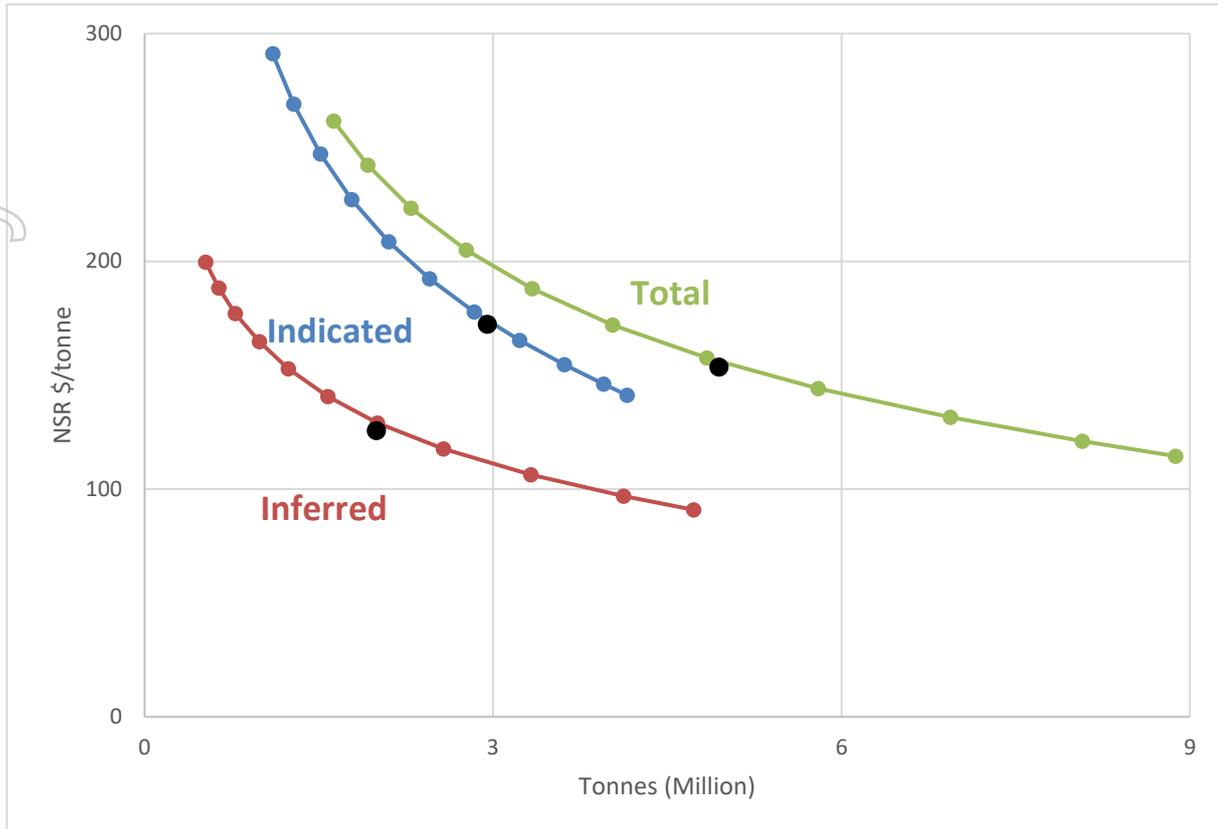
Note: The Wagga Tank – Southern Nights Mineral Resource Estimate utilises AU\$80/tonne NSR cut-off mineable shapes that include minimum mining widths and internal dilution. Net Smelter Return (NSR) is an estimate of the net recoverable value per tonne including offsite costs, payables, royalties and mill recoveries. Figures are rounded to reflect the precision of estimates and include rounding errors.

The MRE was reported within mineable shapes generated at AU\$80/t NSR with a minimum mining width of 3 metres and included internal dilution. The Mineral Resource Estimate (MRE) for the Wagga Tank and Southern Nights deposits is reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)).

The MRE has been completed by independent mining consultant Mr Jonathon Abbott of MPR Geological Consultants Pty Ltd (MPR). Mr Abbott accepts responsibility for the mineralisation modelling and the MRE. Mr Jason McNamara, who was an employee of Peel Mining, accepts responsibility for the sampling and analytical data upon which the MRE is based. NSR calculations and mineable shape creation was completed by Antcia Consulting Pty Ltd.

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Figure 1 – Southern Nights-Wagga Tank Block Model Tonnage/Grade Curve – Indicated & Inferred



Note: Figure 1 shows NSR-tonnage curves from evaluation of the combined models on a block by block basis for cut offs of AU\$40 to AU\$140/tonne in AU\$10 increments relative to the combined Mineral Resource Estimates reported within trimmed mineable shapes (plotted as black dots). The relatively close agreement for the two evaluation methods at AU\$80/t cut off may not be representative of all cut offs.

Net Smelter Return

For the reporting of the MRE, a Net Smelter Return (NSR) value was used to reflect the polymetallic nature of mineralisation. NSR in AU\$/t represents the potential value of mineralisation net of all costs after it leaves site, and was applied to each block within the block model after estimation. The NSR (A\$/t) formula includes assumptions regarding metal prices, exchange rates, metallurgical recoveries, metal marketing terms (including payabilities and deductions/penalties), freight, smelting and refining charges, and royalties.

The NSR formula is:

$$\text{NSR} = (\text{metal grades} \times \text{metallurgical recoveries} \times \text{payabilities} \times \text{A\$ metal prices}) \text{ less} \\ (\text{concentrate freight and treatment charges, penalties and royalties})$$

Metal price assumptions were based off early 2020 Australian dollar metal pricing and are listed in Table 2; metallurgical recovery assumptions are listed in Table 3.

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Mining Assumptions

The MRE is reported within mineable shapes produced by Deswik's Stope Shape Optimiser (SSO) using an NSR cut-off of AU\$80/t. SSO runs were performed by Antcia Consulting Pty Ltd with NSR inputs supplied by Peel Mining. The mineable shapes were based upon the smallest mineable unit (SMU) for the SSO shapes being 5 metres long, 5 metres high, with a minimum mining width of 3 metres. These inputs were used to provide a balance between practical mining and mineralisation shapes.

Cut-off

The reported MRE includes internal dilution, where required, representing material estimated at below the AU\$80/t NSR cut off but does not include footwall or hanging wall dilution outside the mineralised domains. The cut-off value includes assumptions regarding mine operating, processing and site administration costs. Material at this cut-off within mineable shapes is considered by Peel to have reasonable prospects of extraction.

Table 2 - Metal price assumptions used in MRE

Commodity Price	2020 Price Assumption
AU\$ Gold Price	2,206
AU\$ Silver Price	26
AU\$ Pb Price	2,941
AU\$ Zn Price	3,382
AU\$ Cu Price	8,529

Metallurgy and Conceptual Processing Flowsheet

Metallurgical testwork completed by Peel at ALS Burnie has guided the company's metallurgical assumptions for the Southern Nights-Wagga Tank MRE. Work to date has comprised approximately 40 flotation tests, multiple gravity precious metals recovery tests and associated mineralogical studies.

As a result, Peel has assumed a conceptual sequential processing flowsheet for the project comprising: gravity; copper float; lead float; and a bulk zinc-lead float. This flowsheet optimises the theoretical NSR value of the mineralisation. Cumulative metallurgical recoveries for the economic metals of interest are listed in Table 3. Metallurgical testwork at ALS Burnie remains ongoing, and the conceptual processing flowsheet is subject to change in the future.

It is Peel Mining's opinion that there is reasonable potential for all elements included in the conceptual processing flowsheet to be recovered and sold.

Table 3 - NSR metallurgical recovery assumptions used in MRE

Metal	Cumulative Recovery (%)
Zinc	91
Lead	85
Silver	73
Copper	55
Gold	62

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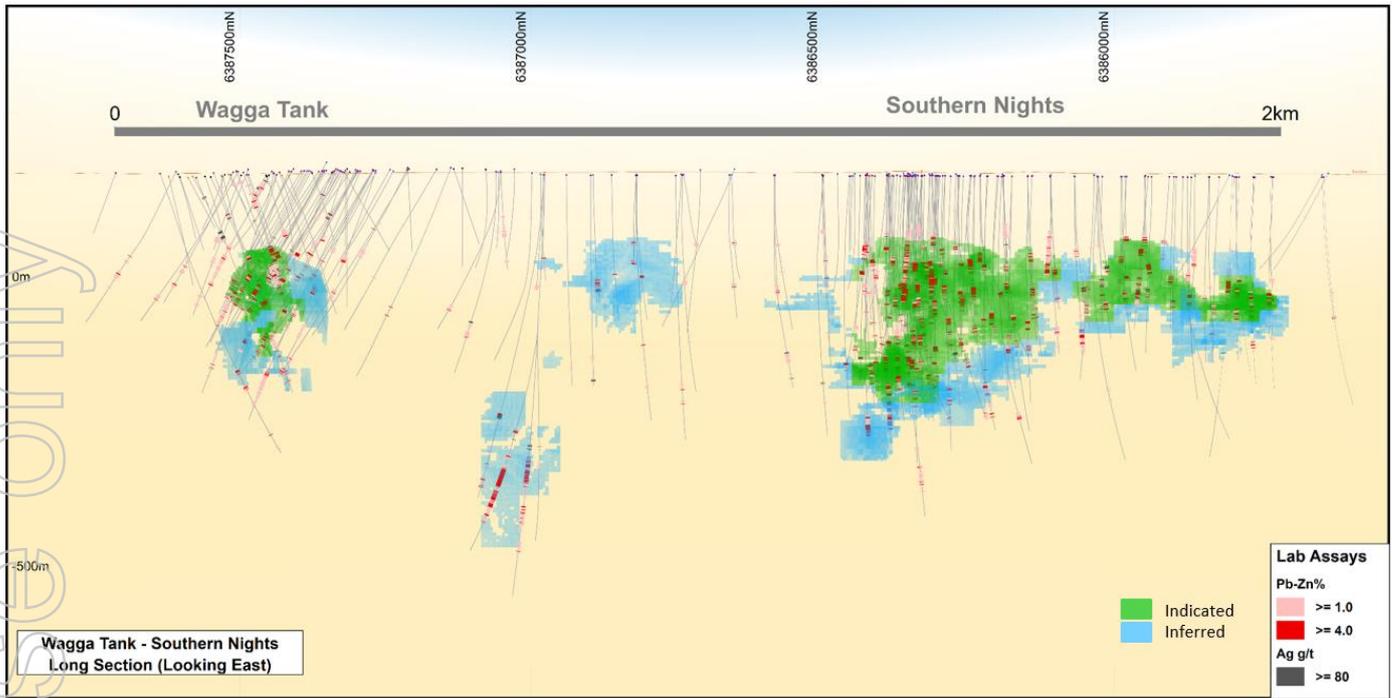


Figure 2 - Wagga Tank-Southern Nights Indicated & Inferred Resource long section.

Planned Activities

The Southern Nights and Wagga Tank deposits remain open along strike and down dip with drilling planned to follow-up previously intersected gold-rich mineralisation on the southern boundary of the Southern Nights deposit. It is anticipated that a scoping study will be completed during the year. Metallurgical testwork remains ongoing with key areas to be investigated including: grind size establishment; targeted mineralogy on Au and Ag occurrence and mineral species; gravity Au recovery on lower grade samples; and upgrading Pb and Zn separation.

Historic drilling points to the potential for a shallow gold target at Wagga Tank, which offers significant upside for a development. A conceptual small open pit could potentially provide early mill feed along with easier access to any conceptual underground mining scenario at Wagga Tank. In this regard, Peel has commenced access negotiations to enable follow-up of these significant historic drill intercepts.

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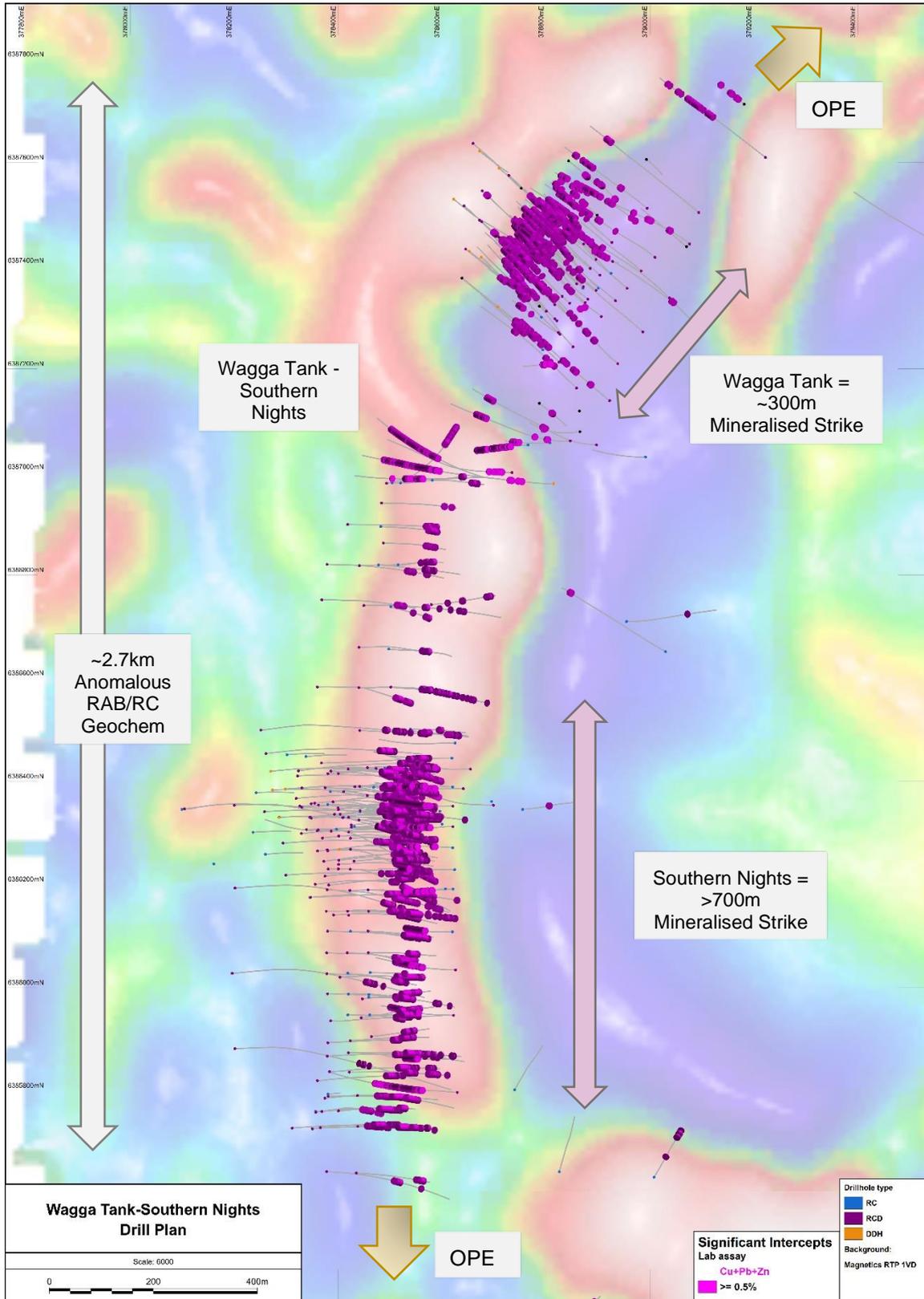


Figure 3: Wagga Tank-Southern Nights Drill Plan

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Double Peak Prospect: Gold, Copper, Zinc, Lead, Silver; Western NSW (PEX 100%)

Double Peak is a north-south striking, 120m high razorback ridge situated approximately 15km north of Mt Hope. The ridge is dominantly comprised of variably altered sediments, subordinate fine to coarse-grained porphyritic rhyolites and rhyodacites and an intensely altered, variably gossanous horizon that outcrops extensively along the eastern and western margins of the ridge. Previous drilling by Peel Mining Ltd has intersected the Mount Allen Granite at depth beneath the ridge. The altered, gossanous horizon is considered prospective with several historic workings located along it reporting copper and gold mineralisation in a sheared chloritic matrix. Of these workings, the most significant is a historic, government-funded adit that was constructed along an intensely silicified, Fe-rich gossanous portion of the prospective horizon on the western side of the ridge. The adit exposed a Cu-Au rich lode that is reported to dip between 35-55° east and strikes roughly north-south.

Drilling at Double Peak commenced in February 2020 and comprised three diamond drill holes for a total of 298.9m focussing on the southern extent of the ridge. DPDD001 and DPDD002 were situated on the western side of the ridge and drilled to directly test the outcropping silicified, Fe-rich gossan and possible northern strike extension to the oxide Cu-Au lode exposed in the adit. DPDD001 was drilled -80° towards 170° to a total depth of 69.5m and intersected a sequence dominated by eastward dipping chlorite altered sandstone/siltstone with a ~30m interval of intense silica-chlorite-haematite-magnetite alteration considered to be the expression of the Fe-rich gossan at depth. No significant Cu mineralisation was encountered, though 8.15m @ 0.35 g/t Au from 3.85m including 1.15m @ 1.47 g/t Au from 3.85m was intersected (Figure 2).

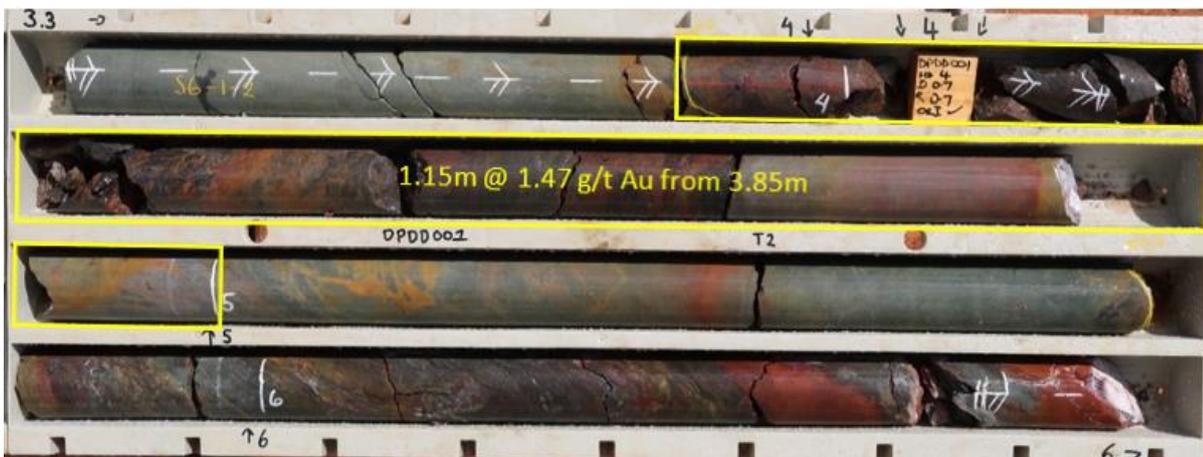


Figure 4. DPDD001 gold mineralisation

DPDD002 was drilled ~10m to the south of DPDD001, closer to the adit exposing oxide Cu-Au mineralisation. It was drilled at -80° towards 170° to a total depth of 81.9m. The hole was dominantly comprised of chlorite altered sediments but included a 1m interval of laminated massive pyrite +/- haematite overlying an extensive ~27m interval of silica-chlorite-haematite-magnetite alteration similar in style to that intersected in DPDD001. The hole bottomed in an aphanitic rhyolite. The hole intersected 6.35m @ 0.45 g/t Au from 17.65m including 1m @ 1.35 g/t Au from 21m (Figure 3). This interval included the laminated massive pyrite and a portion of the underlying silica-chlorite-haematite-magnetite altered horizon. No significant Cu mineralisation was intersected.

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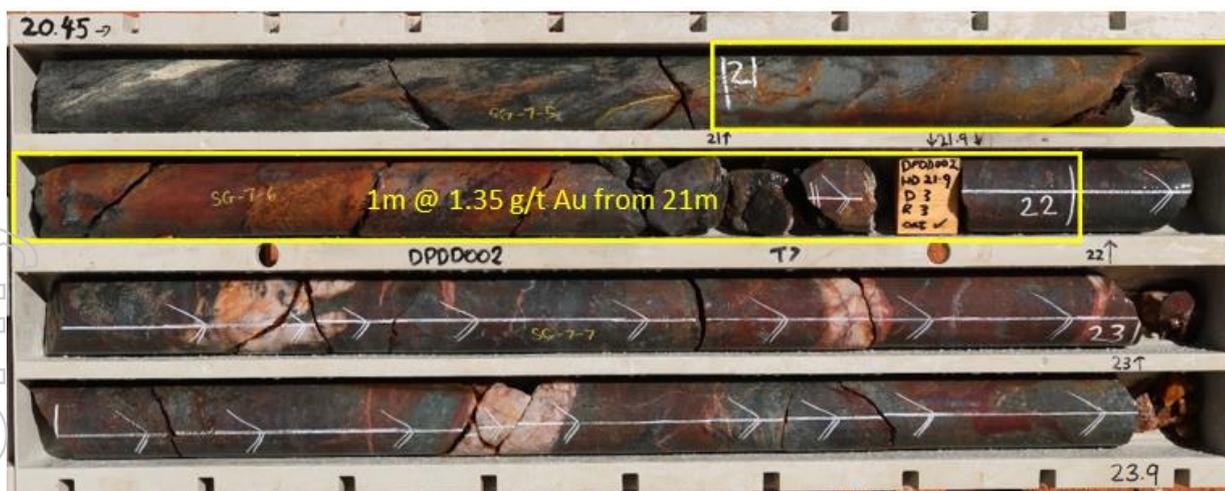


Figure 5. DPDD002 gold mineralisation

DPDD003 was collared on top of the ridge, 55m to the east of DPDD001 and DPDD002 and drilled at -70° towards 170°. It was drilled to test a coincident geochemical, gravity and magnetic anomaly (Figure 8). The hole intersected an intercalated sequence of chlorite altered sediments, haematite altered spherulitic rhyolites and variably altered fine-grained rhyolites in addition to ~10m of coarse-grained quartz veining postulated to represent a significant structure. No significant mineralisation was reported.

Planned Activities

Due to its spatial relationship with gold mineralisation and known historic gold and copper mineralisation, the altered Fe-rich gossanous horizon will continue to be tested by drilling. Its outcrop pattern (outcropping on the eastern and western side of the ridge) is suggestive of folding, and field observations have tentatively delineated a gentle, open synclinal style of folding. Follow up programs of work are being designed to further test this horizon.

Mallee Bull Project

Targets: Cobar-style polymetallic mineralisation; Volcanogenic Massive Sulphide mineralisation.

The 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. Mallee Bull contains a JORC Resource of 6.76Mt @ 1.8% Cu, 31g/t Ag, 0.4g/t Au, 0.6% Pb, 0.6% Zn. (See ASX Announcement release 6th July 2017 "Mallee Bull Resource Grows by 65% to 175,000t CuEq" for full detail). Successful underground exploration will see the company approval for conversion to a full mining operation, with the benefit of established infrastructure, sunk capital costs and streamlined regulatory approval process.

Mallee Bull

During the year, the Company continued compiling and lodging necessary documentation required to obtain regulatory approval for the establishment of an exploration decline. The NSW Resources Regulator advised that it requires additional information from various other NSW Government departments/agencies and the Cobar Shire in relation to the Review of Environmental Factors (REF) documentation and for Notification of High-Risk Activity application. The Company notes that due to the closure of CBH Resources Limited's Endeavour Mine, it is assessing the additional requirements and

REVIEW OF OPERATIONS

appropriateness of this planned option going forward in advance of making further submissions to the Resources Regulator.

Furthermore, and subsequent to the end of the 2019/20 fiscal year, the Company announced its intention to acquire CBH Resources Limited's 50% share of the Mallee Bull Joint Venture, taking Peel's ownership in the project to 100%, by exercising its pre-emptive right, matching a third party's unconditional cash offer of \$17 million. The purchase will provide the Company with 100% control of the high-grade Mallee Bull copper deposit and the gold-polymetallic May Day deposit. This is in line with the Company's strategy to establish a critical mass of resources to support a robust standalone operation in the Southern Cobar Basin.

The decision to pursue full ownership was borne primarily from the Company's decision to seek to consolidate its asset base following the definition of a maiden resource at Wagga Tank-Southern Nights, CBH's announcement in late 2019 of the impending closure of the Endeavour mine, north of Cobar, and with this, the opportunity to utilise any spare milling capacity. Acquiring 100% of Mallee Bull will transform Peel's metal exposure to predominantly copper and also strengthen the Company's principal strategy to establish a robust stand-alone processing operation supported by multiple mines (Mallee Bull, Wagga Tank-Southern Nights, and potentially May Day).

The full ownership of the Mallee Bull deposit will increase the Company's global resource base to more than 10Mt, whilst the May Day deposit, located within ML1361, presents Peel with a relatively low-cost opportunity to establish potential shallow gold-dominant mineable resources.

May Day and Mallee Bull Planned Activities

At May Day, the Company plans to complete an in-pit inferred resource for the deposit based on existing drill data and previous preliminary metallurgical testwork. This will be followed by resource infill drilling, further metallurgical testwork and pit optimisations in an effort to produce a mineable resource which will then form the basis for concept study work. It is envisaged that May Day has the potential to supply initial feed for the conceptual stand-alone mill.

At Mallee Bull, the Company plans to undertake infill resource drilling in an effort to define a predominantly indicated classified mineable resource. An existing internal scoping study for Mallee Bull will then be updated to reflect its potential contribution to a conceptual stand-alone mill.

Cobar Superbasin Project

Targets: Cobar-style polymetallic mineralisation; Volcanogenic Massive Sulphide mineralisation.

Work on the Cobar Superbasin Project continued during the year under the Farm-in Agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC). Post year end, the Company received written notice from JOGMEC of its decision to withdraw from the CSP and to terminate the Memorandum of Agreement. As a result of the termination, JOGMEC's rights and interests in CSP tenure will be transferred to the Company at no cost, resulting in the Company regaining 100% ownership.

Wirlong

Work focused on the Wirlong prospect, located within EL8307, approximately 30km SW of Nymagee and 80km SSE of Cobar. The Company was initially drawn to the area by the presence of historic copper workings, a topographic high, a multi-element surface geochemical anomaly and coincident or semi-coincident magnetic, radiometric, gravity, IP and electromagnetic anomalies. It has since proven to

REVIEW OF OPERATIONS

represent a very large hydrothermal system hosting significant copper mineralisation along more than 2.5km strike length and to depths of up to 950m.

Drilling during the year at the Wirlong Prospect comprised six reverse circulation (RC) holes at Wirlong South for a total of 1929m drilled, and three diamond drillholes (WLDD003, WLDD004 and WLDD005) for a total of 1635m at Wirlong Central.

Three RC holes (WLRC061, WLRC062 and WLRC063) that were drilled at Wirlong South, were designed to test the along strike potential from significant results seen in WLRC008 and WLRC009. A further two RC holes (WLRC064 and WLRC065) were designed to test the downdip potential of the significant results from WLRC008 and WLRC009. All holes drilled were highly anomalous for Zn, Pb, Cu, Ag & Au mineralisation, however no economic values were recorded.

A program consisting of three diamond drillholes (WLDD003, WLDD004 & WLDD005) at Wirlong central was undertaken to test a new structural model (NW-SE) for the controls on high-grade copper mineralisation. The first diamond drillhole, WLDD003, was completed in December 2019 with an additional 2 diamond drillholes (WLDD004 and WLDD005) completed in February 2020 for a total of 1,635m as part of the program.

Assay results received show significant intercepts in all 3 drillholes with results including:

- WLDD003 returning **4.26m @ 2.22% Cu, 7 g/t Ag** from 380m including **0.26m @ 15.85% Cu, 58 g/t Ag** from 384m; and **0.74m @ 14.3% Cu, 66 g/t Ag** from 396.2m
- WLDD004 returned multiple zones of significant mineralisation with better results of: **1.15m @ 7.71% Cu, 30 g/t Ag** from 54.45m, including **0.25m @ 30% Cu, 97 g/t Ag** from 54.45m; and **12m @ 1.02% Cu, 8 g/t Ag** from 264m; and **30m @ 1.64% Cu, 8 g/t Ag** from 305m including **14m @ 2.63% Cu, 12 g/t Ag** from 320m
- WLDD005 returning **5.9m @ 3.19% Cu, 13 g/t Ag** from 347.1m including **0.65m @ 18.65% Cu, 48 g/t Ag** from 351.87m

Down-hole EM was completed on drillholes WLDD003 and WLDD004 with modelling defining a significant late-time conductor, with approximate dimensions of 120m x 150m and its geometry consistent with the new structural model. The strike of mineralisation at Wirlong remains open to the southeast, northwest and downdip.

Planned Activities

The next phase for Wirlong will be geophysical surveying to facilitate further exploration drill targeting, as well as subsequent infill and extensional drilling, advancing the project towards a maiden mineral resource estimate.

Sandy Creek

Two reverse circulation (RC) drillholes (PSCRC008 and PSCRC009) totaling 619m were drilling at the Sandy Creek prospect located south of Wirlong. Drilling tested a flat lying EM plate in the central part of the Sandy Creek prospect. While no significant mineralisation was encountered in PSCRC008, PSCRC009 contained some anomalous results including 5m @ 0.68% Zn, 0.31% Pb, 0.04% Cu, 15 g/t Ag, 0.02 g/t Au from 154m and 9m @ 1.37% Zn, 0.81% Pb, 0.01% Cu, 6 g/t Ag, 0.02 g/t Au from 192m. The cause of the EM plate was found to be disseminated and vein hosted pyrrhotite.

REVIEW OF OPERATIONS

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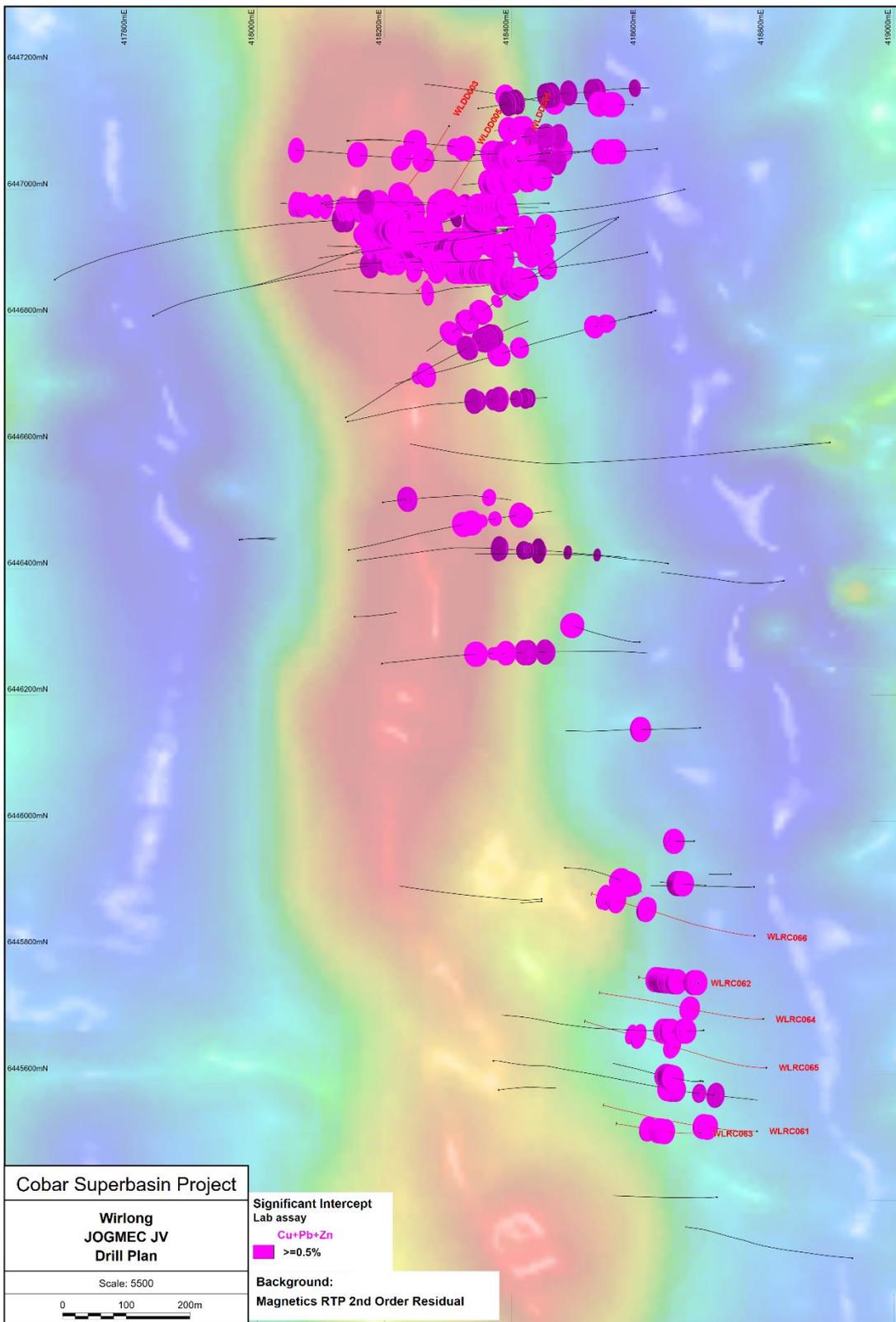


Figure 6 - Wirlong Phase 7 Drill Plan.

REVIEW OF OPERATIONS

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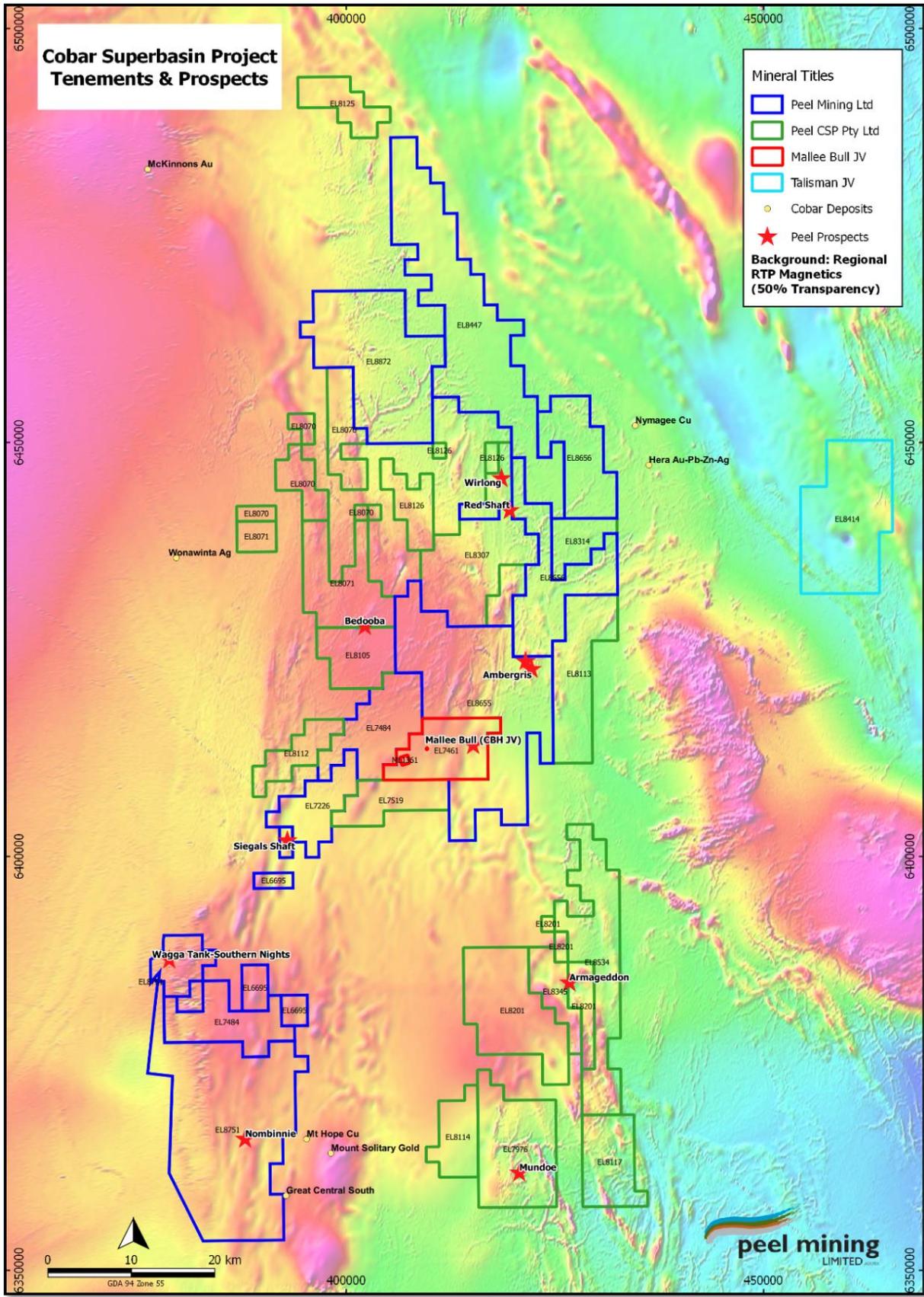


Figure 7: Cobar Tenements and Prospects (as at 30 June 2020)

REVIEW OF OPERATIONS

Corporate

COVID-19

During the year, in response to the COVID-19 pandemic, the Company implemented a series of precautionary measures as part of its OHS policies to ensure that risk around COVID-19 was minimised for all employees and contractors. These measures included restrictions on non-essential travel, as well as social distancing and increased awareness around hygiene.

As a result, Peel's field presence was reduced during the months of April through to June 2020 and no drilling was undertaken during this period, with New South Wales-based staff performing relatively low-level field activities. Desktop reviews were undertaken on all projects, with tenement rationalisation a focus. With restrictions now easing, the Company has restarted drilling at its Cobar projects and has significant work planned for the remainder of the calendar year.

The Company will continue to monitor the situation and government advice around the pandemic, and will seek to act in accordance with this advice.

Executive Director Appointment

During the year, the Company appointed mining engineer Mr James (Jim) Simpson as Executive Director Mining, effective 9 September 2019. The appointment of Mr Simpson to the Board reflected the Company's transformation from an exploration to a mining development company.

Saturn Metals Investment

On 9th June 2020, the Company reduced its holding in Saturn Metals Limited by selling 16,000,000 shares (19.0%). The sale was completed at A\$0.45 per share with the block trade corner-stoned by large North American Institutional Investors and high net worth individuals. The sale raised gross proceeds of A\$7.2m placing the Company in a strong financial position. Peel retains a significant holding of 4,000,001 shares (4.54%) in Saturn Metals Limited.

New Frontiers Co-operative Drilling

The Company was successful in being awarded a grant under the New Frontiers Co-operative Drilling initiative, managed by the Geological Survey of NSW as part of NSW's Mineral Strategy commitment promoting investment in NSW. The funding is to be used on the Company's Double Peak and Siegals prospects and is up to a maximum total amount of \$200,000 (GST exclusive). Drilling at Siegals targeting strong geophysical anomalies proximal to strong geochemical anomalies is planned for mid-late July 2020 and will be eligible for the funding assistance.

Research and Development

In June 2020, the Company received a \$215,449 Research and Development (R&D) Tax Incentive Refund for activities during 2018/2019 year. The Company continued its R&D project during the current year.

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

During the year, Peel Mining Limited released an updated mineral resource estimated for its Wagga Tank Southern Nights Project. The Mallee Bull Mineral Resource estimate was unchanged for the year, after being updated in 2016. The Attunga Mineral Resource estimates remained unchanged from the Resources estimate as at 30 June 2014.

Peel Mining Ltd has ensured that the Mineral Resource estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken a review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Peel Mining Ltd carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The Mineral Resources estimates for Mallee Bull and Wagga Tank-Southern Nights (post year end) were compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition, whilst the Attunga Resource Estimate was completed in accordance with the JORC Code 2004 Edition.

The March 2020 Wagga Tank Southern Nights Mineral Resource Estimate utilises AU\$80/tonne NSR cut-off mineable shapes that include minimum mining widths and internal dilution. Net Smelter Return (NSR) is an estimate of the net recoverable value per tonne including offsite costs, payables, royalties and mill recoveries. Figures are rounded to reflect the precision of estimates and include rounding errors.

March 2020 Southern Nights Mineral Resource Estimate							
Resource Classification	Tonnes (Kt)	NSR \$/t	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)
Indicated	2,540	173	5.90	2.30	88.9	0.19	0.33
Inferred	1,600	120	3.7	1.4	59	0.3	0.3
Total Resource	4,140	150	5.0	2.0	77	0.2	0.3
March 2020 Wagga Tank Mineral Resource Estimate							
Resource Classification	Tonnes (Kt)	NSR \$/t	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)
Indicated	410	169	4.67	2.52	64.3	0.50	0.53
Inferred	400	180	5.3	2.3	98	0.3	0.5
Total Resource	810	170	5.0	2.4	81	0.4	0.5
March 2020 Combined Southern Nights-Wagga Tank Mineral Resource Estimate							
Resource Classification	Tonnes (Kt)	NSR \$/t	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)
Indicated	2,950	172	5.73	2.33	85.5	0.23	0.36
Inferred	2,000	130	4.0	1.6	67	0.3	0.3
Total Resource	4,950	160	5.0	2.0	78	0.3	0.4

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

The July 2019 Wagga Tank Southern Nights Mineral Resource Estimate was reported at a 3.5% ZnEq cut-off, in the 2019 Annual Report.

July 2019 Mineral Resource Estimate for the Southern Nights Deposit							
Resource Classification	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,106,000	4.5	1.5	69	0.14	0.13	7.2
Total Resource	3,232,000	6.0	2.2	83	0.19	0.24	9.7
July 2019 Mineral Resource Estimate for the Wagga Tank Deposit							
Resource Classification	Tonnes (t)	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Inferred	532,000	2.4	1.2	31	0.74	0.77	6.6
Total Resource	532,000	2.4	1.2	31	0.74	0.77	6.6
July 2019 Mineral Resource Estimate for the Southern Nights and Wagga Tank Deposit							
Resource Classification	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Cu (%)	Au (g/t)	ZnEq (%)
Indicated	1,126,000	8.8	3.5	107	0.28	0.44	14.3
Inferred	2,638,000	4.0	1.4	62	0.26	0.26	7.1
Total Resource	3,764,000	5.5	2.1	75	0.27	0.31	9.2

Note: Tonnages and grades are rounded. Discrepancies in totals may exist due to rounding. 1 - Zinc equivalent (ZnEq) has been calculated using assumptions regarding metal sale prices It is Peel Mining's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. For further detail on the resource please see the ASX announcement "Robust Maiden Resource Confirms Outstanding Mining & Growth Potential at Southern Nights-Wagga Tank" released on 12th July 2019.

The tables below set out Mineral Resource estimates for 2020, which are unchanged from 2019.

Mallee Bull Mineral Resource estimate at 30 June 2019 based on 1% copper equivalent (CuEq) cut-off grade

Mineral Resource - as at 30 June 2019							
Category	Kt	CuEq %	Cu %	Ag g/t	Au g/t	Pb %	Zn %
Indicated	1,340	2.15	0.91	30	0.4	0.96	1.23
Inferred	5,420	2.7	2	31	0.4	0.5	0.4
Total	6,760	2.6	1.8	31	0.4	0.6	0.6

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

Attunga Tungsten Deposit Inferred Mineral Resource Estimate based on a 0.2% WO₃ equivalent cut-off

Mineral Resource - as at 30 June 2019				
WO ₃ equivalent cut-off	Mt	WO ₃ Eq %	WO ₃ %	Mo %
0.2	1.29	0.73	0.61	0.05

Note: The figures in the above table are rounded to reflect the precision of the estimates and include rounding errors.

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

Competent Persons Statements

Wagga Tank Southern Nights Deposits

The information in this report that relates to data and geological modelling included in Mineral Resource estimates is based on information reviewed by Mr Jason McNamara who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr McNamara was a full time employee of Peel Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr McNamara consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears.

The information in this report that relates to grade estimation and Mineral Resource estimates is based on information reviewed by Mr Jason McNamara, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr McNamara was a full time employee of Peel Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr McNamara consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears. This release may include aspirational targets. These targets are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Targets are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Peel Mining that could cause actual results to differ materially from such statements. Peel Mining makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

Mallee Bull

The information in this report that relates to Exploration Results is based on information compiled by Mr Rob Tyson who is a fulltime employee of the company. Mr Tyson is a member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) 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 information in the form and context in which it appears. Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures.

The information in this report that relates to the Mallee Bull Mineral Resource estimates, and reported by the Company in compliance with JORC 2012 is based on information compiled by Mr Jonathon Abbott, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Abbott is a full-time employee of MPR Geological Consultants Pty Ltd and is an independent consultant to Peel Mining Ltd. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Abbott consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. As at the date of this report, there has been no material changes to the Mallee Bull Resource estimates.

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

Attunga Tungsten Deposit

The information referred to in this report in relation to the Attunga Resource Estimate is based on information compiled by Mr Murray Hutton, a Competent Person who is a Member of the Australian Institute of Geoscientists. At the time of calculating the Resource Estimate Mr Hutton was a full time employee of Geos Mining and was an independent consultant to Peel Mining Ltd.

Mr Hutton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'.

Mr Hutton consented to the inclusion of the matters based on his information in the form and context in which it appears.

Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Mr Rob Tyson who is a fulltime employee of the company. Mr Tyson is a member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) 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 information in the form and context in which it appears. Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures.

SCHEDULE OF TENEMENTS AS AT 30 JUNE 2020

Project	Number	Holder	Peel Interest
Burthong	EL8534	Peel (CSP) Pty Ltd	50%*
Gilgunnia South	EL7519	Peel (CSP) Pty Ltd	50%*
Glenwood	EL8314	Peel (CSP) Pty Ltd	50%*
Hillview	EL8125	Peel (CSP) Pty Ltd	50%*
Illewong	EL8117	Peel (CSP) Pty Ltd	50%*
Iris Vale	EL8113	Peel (CSP) Pty Ltd	50%*
Manuka	EL8071	Peel (CSP) Pty Ltd	50%*
Mirrabooka	EL8105	Peel (CSP) Pty Ltd	50%*
Mundoe	EL7976	Peel (CSP) Pty Ltd	50%*
Mundoe North	EL8201	Peel (CSP) Pty Ltd	50%*
Norma Vale	EL8126	Peel (CSP) Pty Ltd	50%*
Pine Ridge	EL8345	Peel (CSP) Pty Ltd	50%*
Sandy Creek	EL8307	Peel (CSP) Pty Ltd	50%*
Tara	EL8070	Peel (CSP) Pty Ltd	50%*
Yackerboon	EL8112	Peel (CSP) Pty Ltd	50%*
Yara	EL8114	Peel (CSP) Pty Ltd	50%*
Attunga	EL8326	Peel Mining Ltd	100%
Ruby Silver	EL7711	Peel Mining Ltd	100%
Gilgunnia	EL7461	Peel Mining Ltd	50%*
May Day	ML1361	Peel Mining Ltd	50%*
Beanbah	EL8450	Peel Mining Ltd	100%
Brambah	EL8655	Peel Mining Ltd	100%
Linera	EL8447	Peel Mining Ltd	100%
Marigold	EL8656	Peel Mining Ltd	100%
Michelago	EL8451	Peel Mining Ltd	100%
Mt View	EL7484	Peel Mining Ltd	100%
Mt Walton	EL8414	Peel Mining Ltd	100%
Nombinnie	EL8751	Peel Mining Ltd	100%
Wagga Tank	EL6695	Peel Mining Ltd	100%
Wongawood	EL7226	Peel Mining Ltd	100%
Gromit	EL8872	Peel Mining Ltd	100%
Florida	EL8900	Peel Mining Ltd	100%
Bilpa	EL8721	Peel Far West Pty Ltd	100%
Cymbric Vale	EL8722	Peel Far West Pty Ltd	100%
Comarto	EL8790	Peel Far West Pty Ltd	100%
Devon	EL8791	Peel Far West Pty Ltd	100%
Thunderdome **	EL8877	Peel Far West Pty Ltd	100%
Grassmere North	EL8909	Peel Far West Pty Ltd	100%

* Subsequent to year end, Peel's interest in the 50% listed entities will revert to 100% with Peel having exercised its pre-emptive right to acquire CBH Resources Limited's 50% share of the Mallee Bull Joint Venture, and having received written notice from JOGMEC of its decision to withdraw from the CSP, and to terminate the Memorandum of Agreement.

** Thunderdome (EL8877) was under application at 30 June 2020, but was granted post year end on 17 July 2020.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity ("**Group**") comprising Peel Mining Limited ("**Company**") and the entities it controlled at the end of, or during the financial year ended 30 June 2020 and the comparative period.

Directors

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

Robert Tyson

Simon Hadfield

Graham Hardie

James Simpson (appointed 9 September 2019)

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.

Director	Number of Shares Directly and Indirectly Held	Number of Options
R Tyson	7,728,420	3,000,000
S Hadfield	4,672,567	1,500,000
G Hardie	18,563,501	1,500,000
J Simpson	3,173,243	2,000,000

Principal activities

The principal 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 profit for the Group for the financial year after providing for income tax amounted to \$3,610,070 (2019: Loss of \$2,870,270).

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 4 to 17 in this report.

DIRECTORS' REPORT

Significant changes in the state of affairs

Mr James Simpson was appointed in the role of Executive Director of Mining of the Company on 9 September 2019. Upon shareholder approval at the AGM held on 28 November 2019, Mr Simpson was issued 2,000,000 options exercisable at \$0.31, of which 1,000,000 vested on 28 November 2019 and 1,000,000 will vest 12 months after commencement.

Contributed equity increased during the financial year by \$202,850 through the issue of:

- (i) 500,000 new ordinary shares issued at \$0.223 cents on the exercise of Graham Hardie's options.
- (ii) 450,000 new ordinary shares issued on the exercise of employee share options raising \$91,350.

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

On 9 June 2020 Peel Mining Limited sold 16,000,000 shares in Saturn Metals Limited, leaving a balance of 4,000,001 shares held by Peel Mining Limited. The reduction in ownership interest to 4.54% (2019: 31.43%) is no longer considered an associate interest. The remaining shares held by Peel Mining Limited have been revalued to their fair value at 30 June 2020 and are held in voluntary escrow until 9 September 2020.

Covid-19

From March to June 2020, in response to the COVID-19 pandemic, the Company moved to implement a series of precautionary measures as part of its OHS policies to ensure that risk around COVID-19 was minimised for all employees and contractors. These measures included increased focus on workplace hygiene and restrictions on non-essential travel with changes to field-based rosters, ensuring ongoing site activities in the near to medium term. The Company's head office staff also moved to a work-from-home basis for a period of 6 weeks.

In addition the Company instigated a series of cost-saving measures whilst the immediate effects of COVID-19 were borne. These included retrenchment of a number of casual staff and all remaining staff, including management, agreeing to take temporary pay reductions and capped work hours in some circumstances. Peel's Non-Executive Directors also agreed to waive their fees from April to June 2020.

The Company will continue to monitor the situation as it develops and will advise of any further measures, if necessary.

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 as disclosed in this report.

Events occurring after balance date

Acquisition of Mallee Bull

In July 2020, Peel received an Initial Transfer Notice (ITN) from CBH Resources Ltd (CBH) after CBH received an unconditional cash offer of \$17,000,000 from a third party for its 50% share of the joint venture. CBH advised that it intended to accept the third party offer, subject to Peel not exercising its pre-emptive right.

Peel Mining Limited has had independent confirmation of the validity of the ITN and third party offer per the conditions of the joint venture agreement. Pursuant to the joint venture agreement between Peel and CBH, Peel has a pre-emptive right to acquire the joint venture interest on the same terms. Peel has exercised its right to acquire the joint venture interest to gain 100% ownership of the project with

DIRECTORS' REPORT

a cash offer of \$17,000,000. The acquisition is subject to NSW Government Ministerial approval of the transfer of titles.

Capital Raising

In August 2020, the Company successfully completed a placement of 60 million shares at an issue price of \$0.175 each to raise a gross amount of \$10,500,000. This was completed in conjunction with a fully underwritten 1 for 8 pro-rata entitlement issue to raise a further \$6,643,036 at the same price as the aforementioned placement. Funds from this raising are proposed to be used, in conjunction with existing cash and liquid investments, for the acquisition of the 50% share of the Mallee Bull Joint Venture which is currently held by CBH, the costs of the capital raising and for ongoing working capital and general corporate purposes.

JOGMEC Withdrawal

Notification was received by Peel from JOGMEC on 14 August 2020 that it was withdrawing from the agreement. The Company and JOGMEC are finalising a deed of mutual release and final expenditure in relation to the project. The withdrawal results in all rights and interests in the CSP tenure to be transferred to Peel at no cost, resulting in Peel regaining 100% ownership.

Other than the above, there were no events occurring after balance date requiring separate disclosure.

Likely developments and expected results

It is the Board's current intention that the Group will seek to progress exploration on current projects. There is an intention to progress its main projects, being Mallee Bull, May Day, Wagga Tank Southern Nights and Wirlong towards development. These activities are inherently risky and there are no certainties that the group will successfully achieve its objectives.

DIRECTORS' REPORT

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 a director of RIU Conferences Pty Ltd, Resource Information Unit, and Sensorum Pty Ltd. No other directorships were held in the past 3 years. Mr Hadfield is considered an independent director.

Mr Hadfield holds 4,672,567 shares and 1,500,000 share options in Peel Mining Limited.

Robert Maclaine Tyson B.App Sc(Geol).GradDip Applied Finance(SIA) – *Managing 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 is also a non-executive director of Saturn Metals Limited. No other directorships were held in the past 3 years. Mr Tyson is not considered an independent director.

Mr Tyson holds 7,728,420 shares and 3,000,000 share options in Peel Mining Limited.

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. Mr Hardie 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 were held in the past 3 years. Mr Hardie is not considered an independent director.

Mr Hardie holds 18,563,501 shares and 1,500,000 share options in Peel Mining Limited.

James Simpson – *Executive Director Mining*

Appointed 9 September 2019

Mr Simpson is an experienced Mining Engineer with significant board and management experience. Mr Simpson was previously the Chief Executive Officer and Managing Director at Aurelia Metals Limited, Chief Operating Officer & Executive Vice President for Peak Gold Limited; General Manager & Director at Goldcorp Asia Pacific; and General Manager Mining Lead Zinc at MIM Holdings, Mt Isa. Mr Simpson's experience ranges from mine development and management through to corporate and equity market participation. No other directorships were held in the past 3 years. Mr Simpson is not considered an independent director.

Mr Simpson holds 3,173,243 shares and 2,000,000 share options in Peel Mining Limited.

Ryan Woodhouse – *Company Secretary*

Mr Woodhouse has 13 years of experience in the mining and energy industries in the area of accounting and governance. He holds a Bachelor of Commerce from Curtin University and is a member of the Institute of Chartered Accountants. Mr Woodhouse currently holds the position of Company Secretary with both Peel Mining Limited and Saturn Metals Limited.

Mr Woodhouse was appointed Company Secretary on 7 January 2015.

DIRECTORS' REPORT

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	10	10
S Hadfield	10	10
G Hardie	10	10
J Simpson	9	9

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REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following headings:

- a) Principles used to determine the nature and amount of remuneration
- b) Details of remuneration
- c) Service agreements
- d) Share-based compensation
- e) Option holdings of key management personnel
- f) Share holdings of directors
- g) Other transactions with directors and key management personnel
- h) 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 remuneration policy.

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 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 of fees of the Non-executive Directors has been fixed at a maximum of \$250,000 per annum to be apportioned among the Non-executive Directors in such a manner as they determine. 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. Senior management are paid based on applicable market rates.

Remuneration is not linked to past Group performance but rather towards generating future shareholder wealth through share price performance. The board and management are issued share options in the company on a periodic basis as a means to link executive rewards to shareholder value.

REMUNERATION REPORT (AUDITED)

Peel Mining Limited listed on 11 May 2007 at \$0.20 per share and the share price at 30 June 2020 was \$0.165 (2019: \$0.32). The Company has recorded a loss each financial year to date, except for 2014 during which it recorded a gain on the partial disposal of the Mallee Bull Project, and 2020 during which it recorded a gain on the partial disposal of Saturn Metals Limited shares. No dividends have been declared or paid during the reporting period.

Payments to Executives and Directors April to June 2020

Due to the outbreak of Covid-19 and the uncertainties surrounding the impact on the Group, the Board decided to reduce the level of remuneration paid to all executives and Directors from April 2020 to June 2020. All non-executive director fees were reduced to zero and executive director salaries were reduced by 20% or deferred. Contract levels of remuneration were reinstated in July 2020.

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 2020 are set out in the following table:

Table 1: Director and key management personnel remuneration

	<i>Short-Term Employment Benefits Cash salary and fees</i>	<i>Post- Employment Superannuation</i>	<i>Long-Term Benefits Long-service leave</i>	<i>Share Based Payment¹</i>	<i>Total</i>	<i>Performance Related %</i>
30 June 2020	\$	\$	\$	\$	\$	%
Directors						
R Tyson	215,692	20,491	14,219	187,466	437,868	0%
S Hadfield	37,503	3,563	-	64,263	105,329	0%
G Hardie	37,503	3,563	-	64,263	105,329	0%
J Simpson	77,000	7,315	-	199,913	284,228	0%
Total	367,698	34,932	14,219	515,905	932,754	0%

1. Note Share Based Payment amounts are not cash payments made to directors. The amounts represent the value ascribed by the Black-Scholes valuation method to options granted. Further information about options granted can be found within the annual report.

	<i>Short-Term Employment Benefits Cash salary and fees</i>	<i>Post- Employment Superannuation</i>	<i>Long-Term Benefits Long-service leave</i>	<i>Share Based Payment¹</i>	<i>Total</i>	<i>Performance Related %</i>
30 June 2019	\$	\$	\$	\$	\$	%
Directors						
R Tyson	238,846	22,691	10,405	279,027	550,969	0%
S Hadfield	50,004	4,750	-	134,457	189,211	0%
G Hardie	50,004	4,750	-	134,457	189,211	0%
Total	338,854	32,191	10,405	547,941	929,391	0%

1. Note Share Based Payment amounts are not cash payments made to directors. The amounts represent the value ascribed by the Black-Scholes valuation method to options granted. Further information about options granted can be found within the annual report.

* Mr Simpson became a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

REMUNERATION REPORT (AUDITED)

c) Service agreements

Remuneration and other terms of employment for the directors and key management personnel, except those of Non-executive Directors are formalised in Employment Agreements or Letters of Offer. Details of the employment conditions for directors and key management personnel are set out below:

Simon Hadfield (Non-executive Chairman)

Mr Hadfield was appointed a Director of the Company on 20 April 2006. Mr Hadfield has not entered into a formal contract with the Company in respect to his appointment as a Non-executive Chairman. Mr Hadfield received cash payments and share options totalling \$105,329 (2019: \$189,211) in his role as Chairman of the Company.

Graham Hardie (Non-executive Director)

Mr Hardie was appointed a Director of the Company on 24 February 2010. Mr Hardie has not entered into a formal contract with the Company in respect to his appointment as a Non-executive Director. Mr Hardie received cash payments and share options totalling \$105,329 (2019: \$189,211) in his role as a Non-executive Director of the Company.

Robert Tyson (Managing Director)

Mr Tyson was appointed a Director of the Company on 20 April 2006. Mr Tyson is employed as the Managing Director of the Company under an ongoing contract. The terms of his contract state:

- The Managing Director receives fixed remuneration of \$230,000 per annum gross, plus statutory superannuation guarantee.
- The Managing Director is required to give the Company 3 months' notice of resignation.
- Other than for serious misconduct, the Company is required to give Mr Tyson 3 months' notice of termination, plus 3 months' salary.
- The Managing Director may be invited to participate in the Company's Employee Share Option Plan.

Mr Tyson received cash payments, leave entitlements and share options totalling \$437,868 (2019: \$550,969) in his role as Managing Director of the Company.

James Simpson (Executive Director Mining)

Mr Simpson was appointed a Director of the Company on 9 September 2019. Mr Simpson is employed as the Executive Director Mining on a part time basis. The terms of his contract state:

- Salary of \$140,000 per annum (plus statutory superannuation) based on 16 hours per week.
- Participation in the Company's Incentive Option Plan.
- Other than for serious misconduct, the Company is required to give Mr Simpson 3 months' notice of termination, plus 3 months' salary.
- Mr Simpson is required to give the Company 3 months' notice of resignation.

Mr Simpson received cash payments, leave entitlements and share options totalling \$284,228 (2019: nil) in his role as Executive Director Mining of the Company. Mr Simpson commenced his role on 9 September 2019 and therefore had not received any remuneration during the 30 June 2019 financial year.

REMUNERATION REPORT (AUDITED)

d) Share-based compensation

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 22 to the financial statements.

Name	Fair Value at Grant Date		Number of options granted during year		Number of options vested during year	
	2020	2019	2020	2019	2020	2019
Directors	\$	\$				
R Tyson	128,526	268,915	1,000,000	1,000,000	1,500,000	1,000,000
S Hadfield	64,263	134,457	500,000	500,000	500,000	500,000
G Hardie	64,263	134,457	500,000	500,000	500,000	500,000
J Simpson	251,615	-	2,000,000	-	1,000,000	-

*Mr Simpson became a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

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. Fair values at grant date have been determined using a Black-Scholes option pricing model that takes into account the exercise price, term of the option, impact of dilution, share price at grant date, price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

Options over shares in Peel Mining Limited may be granted to Employees under the Company's Employee Share Option Plan, which was initially created in June 2008, and recently re-approved by shareholders at the annual general meeting held on 28 November 2019. The Employee Share 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 employee is still employed by the Company at the end of the vesting period. Participation in the plan is at the board's discretion.

REMUNERATION REPORT (AUDITED)

The terms and conditions of each grant of options existing for both directors and employees at reporting date is as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price \$	Value per Option at Grant Date \$
15 August 2017	15 August 2017 (50%) 15 August 2018 (50%)	15 August 2020	\$0.260	\$0.11
30 November 2017	30 November 2017 (67%) 30 November 2018 (33%)	30 November 2020	\$0.783	\$0.33
7 December 2018	7 December 2018	7 December 2021	\$0.570	\$0.28
7 December 2018	7 December 2018 (75%) 7 December 2019 (25%)	7 December 2021	\$0.641	\$0.27
28 November 2019	28 November 2019	29 November 2022	\$0.32	\$0.129
28 November 2019	28 November 2019 (50%) 28 November 2020 (50%)	9 September 2022	\$0.31	\$0.126

(e) Option holdings of key management personnel (KMP)

30 June 2020	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	4,000,000	1,000,000	(2,000,000)	-	-	3,000,000	3,000,000	-
S Hadfield	1,500,000	500,000	(500,000)	-	-	1,500,000	1,500,000	-
G Hardie	1,500,000	500,000	-	(500,000)	-	1,500,000	1,500,000	-
J Simpson	0	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000

*Mr Simpson became a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

(f) Share holdings of Directors- Shares in Peel Mining Limited (number)

30 June 2020	Balance at 1 July 2019	Received during the year on the exercise of options	Other changes during the year	Balance at 30 June 2020
Directors				
G Hardie	15,922,890	500,000	78,000	16,500,890
R Tyson	7,245,000	-	-	7,245,000
S Hadfield	4,312,564	-	-	4,312,564
J Simpson	-	-	-	-

REMUNERATION REPORT (AUDITED)

*Mr Simpson became a Director effective 9 September 2019 and therefore was not remunerated during the 30 June 2019 financial year.

(g) Other transactions with Directors and key management personnel

Simon Hadfield is a Director of Resource Information Unit Pty Ltd (RIU). RIU leases the Company office space and charges the Company lease fees on arm's length commercial terms on a monthly basis. Total fees charged to the Company by RIU for the year ended 30 June 2020 were \$65,556 (2019: \$57,245).

During the year the Company participated in conferences organised by RIU Conferences Pty Ltd, to the value of \$9,900 (2019: \$27,720), a company of which Mr Hadfield is a Director. These amounts are included in earnings for the year within administration expenses and on the statement of financial position within trade and other payables at year-end in relation to any unpaid amounts.

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

Amounts recognised as expense	Consolidated	Consolidated
	2020	2019
	\$	\$
Rent and office management fees	65,556	57,245
Conferences	9,900	27,720
	75,456	84,965

h) Additional information

Cash bonuses

No cash bonuses have been paid by the Company during the reporting period.

Share-based compensation: options

Other than options granted and exercised under the Employee Option Share 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 2020, 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 2019 Annual General Meeting

Peel Mining Limited received 99% of "yes" votes on its remuneration report for the 2019 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:

Date options granted	Expiry date	Issue price of shares \$	Number under option
30 November 2017	30 November 2020	0.783	2,000,000
7 December 2018	7 December 2021	0.641	2,000,000
7 December 2018	7 December 2021	0.570	1,562,500
28 November 2019	9 September 2022	0.310	2,000,000
28 November 2019	29 November 2022	0.320	2,000,000

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

Date of Exercise	Issue price of shares		Number of shares issued	
	2020 \$	2019 \$	2020 Number	2019 Number
17 August 2018		0.19		100,000
25 September 2018		0.26		100,000
19 October 2018		0.19		500,000
22 November 2018		0.216		500,000
22 November 2018		0.216		500,000
30 November 2018		0.203		100,000
28 May 2019		0.203		50,000
10 October 2019	0.203		450,000	
30 October 2019	0.223		500,000	
			950,000	1,850,000

Indemnification and Insurance of Directors and Officers

During the financial year the Company paid a premium of \$56,242.58 (2019: of \$58,706.82) to insure the directors and officers of the Group. The policy indemnifies each director and officer of the Group against certain liabilities arising in the course of their duties.

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.

DIRECTORS' REPORT

Environmental Regulation

The Group holds exploration licences and mining leases in Australia. 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 jurisdiction's guidelines and standards. The Company is not aware of any significant breaches of the licence condition.

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.

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. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in *APEX 110 Code of Ethics for Professional Accountants*.

Details of the fees paid to the auditor during the year can be found at note 23 of the notes to the consolidated financial statements.

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



Robert Tyson

Managing Director
Perth, Western Australia
9th September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated	
		2020 \$	2019 \$
Operator management fee		126,460	75,442
Interest income		54,433	77,743
Other income		50,000	-
Gain on disposal of asset	14	34,772	3,490
Gain on disposal of investment asset	14	6,205,925	-
Revenue and other income		6,471,590	156,675
Share-based remuneration to directors & employees	22	(614,096)	(905,335)
Depreciation expense	8	(113,792)	(99,120)
Employee and directors' benefit expenses	15	(613,657)	(693,737)
Administration expenses	15	(1,193,254)	(955,697)
Loss attributable to associate	3	(326,721)	(373,056)
Profit before income tax		3,610,070	(2,870,270)
Income tax benefit (expense)	16	-	-
Profit from continuing operations after income tax		3,610,070	(2,870,270)
<i>Items that will not be classified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	9	860,000	-
Total comprehensive income for the year attributable to the members of Peel Mining Limited		4,470,070	(2,870,270)
Basic Earnings per share for the year attributable to the members of Peel Mining Ltd	24	0.015	(0.014)
Diluted Earnings per share for the year attributable to the members of Peel Mining Ltd	24	0.013	(0.014)

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 2020

	Note	Consolidated	
		2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	5	8,199,092	6,950,662
Trade and other receivables	7	123,581	368,616
Total Current Assets		8,322,673	7,319,278
Non-Current Assets			
Security deposits	7	541,866	521,866
Property	8	840,487	840,487
Plant & equipment	8	386,034	459,747
Investment in Saturn Metals Limited	3	-	3,320,796
Financial assets	9	2,860,001	-
Exploration assets	6	41,896,334	37,128,536
Total Non-Current Assets		46,524,722	42,271,432
Total Assets		54,847,395	49,590,710
Current Liabilities			
Trade and other payables	10	512,391	1,024,513
Total Current Liabilities		512,391	1,024,513
Non-Current Liabilities			
Deferred Income	11	7,363,461	6,881,670
Total Non-Current Liabilities		7,363,461	6,881,670
Total Liabilities		7,875,852	7,906,183
Net Assets		46,971,543	41,684,527
Equity			
Contributed equity	12	48,977,246	48,774,396
Accumulated losses	13	(6,857,906)	(10,467,976)
Financial Assets at FVOCI Reserve	13	860,000	-
Option reserve	13	3,992,203	3,378,107
Total Equity		46,971,543	41,684,527

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 2020

Consolidated		Contributed Equity \$	Accumulated Losses \$	Fair Value Through Other Comp Income Reserve \$	Option Reserve \$	Total Equity \$
<i>Balance at 1 July 2018</i>		30,266,457	(7,597,706)		2,472,772	25,141,523
<i>Loss for the year</i>						
Total comprehensive loss for the year	Note 13	-	(2,870,270)		-	(2,870,270)
Issue of share capital	12	19,722,569	-		-	19,722,569
Share issue expenses	12	(1,214,630)	-		-	(1,214,630)
Share based payments	22	-	-		905,335	905,335
<i>Loss for the year</i>						
Total comprehensive loss for the year	13	-	(2,870,270)		-	(2,870,270)
Balance at 30 June 2019		48,774,396	(10,467,976)	-	3,378,107	41,684,527
<i>Profit for the year</i>						
Profit for the year	13	-	3,610,070	-	-	3,610,070
Other comprehensive income - revaluation	13	-	-	860,000	-	860,000
Issue of share capital	12	202,850	-	-	-	202,850
Share issue expenses	12	-	-	-	-	-
Share based payments	22	-	-	-	614,096	614,096
Balance at 30 June 2020		48,977,246	(6,857,906)	860,000	3,992,203	46,971,543

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 2020

	Note	Consolidated	
		2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,876,062)	(1,703,902)
Government relief grants		50,000	-
Management fee income		126,460	75,442
Interest received		56,064	78,710
Net cash outflow from operating activities	17	(1,643,538)	(1,549,750)
Cash flows from investing activities			
Payments for exploration expenditure		(6,671,425)	(12,588,015)
Transfer to security deposits		(20,000)	(36,000)
Payments for purchase of plant and equipment		(40,079)	(193,064)
Proceeds from sale of investment asset		7,200,000	-
Research and Development Tax Incentive - E&E Asset		1,738,832	-
Proceeds as part of E&E asset farm-out		481,790	517,982
Net cash outflow from investing activities		2,689,118	(12,299,097)
Cash flows from financing activities			
Proceeds from issue of shares		202,850	19,722,569
Transaction costs of issue of shares		-	(1,214,630)
Net cash inflow from financing activities		202,850	18,507,939
Net increase/(decrease) in cash and cash equivalents		1,248,430	4,659,092
Cash and cash equivalents at the start of year		6,950,662	2,291,570
Cash and cash equivalents at the end of year	5	8,199,092	6,950,662

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 26(b):

Name	Country of Incorporation	Class of Shares	Equity holding 2020 %	Equity holding 2019 %
Peel Environmental Services Limited	Australia	Ordinary	100.00	100.00
Apollo Mining Pty Ltd	Australia	Ordinary	100.00	100.00
Peel (CSP) Pty Ltd	Australia	Ordinary	100.00	100.00
Peel Far West Pty Ltd	Australia	Ordinary	100.00	100.00

2. Interests in other entities

Peel Mining Limited has a 50% interest in a joint arrangement, called the Mallee Bull Joint Venture, which was formed after CBH Resources Limited (CBH) completed its 50% earn-in to the Mallee Bull Project on 27th March 2015. The joint venture agreement in relation to the Mallee Bull Joint Venture requires unanimous consent from all parties for all relevant activities. The two joint venture parties own the assets of the joint venture as tenants in common and their interest in assets and liabilities are several, separate and distinct.

This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

In July 2020, Peel received an Initial Transfer Notice (ITN) from CBH after they received an unconditional cash offer of \$17,000,000 from a third party for its 50% share of the joint venture. CBH advised that it intended to accept the third party offer, subject to Peel not exercising its pre-emptive right.

Peel Mining Limited has, pursuant to the joint venture agreement between Peel and CBH, exercised its pre-emptive right and submitted an offer to acquire the joint venture interest to gain 100% ownership of the project. The joint venture will be dissolved as soon as minister's consent for the transfer of title is obtained and the title is transferred.

Peel Mining Limited during the financial year was in a farm-in arrangement, through its wholly owned subsidiary Peel (CSP) Pty Ltd, with JOGMEC. JOGMEC has earned the right to a 50% interest in the tenements held by Peel (CSP) Pty Ltd through funding exploration expenditure. Post year end, notification was received by Peel from JOGMEC that it was withdrawing from the agreement. The withdrawal results in all rights and interests in the CSP tenure to be transferred to Peel at no cost, resulting in Peel regaining 100% ownership (see note 20)

During the year, JOGMEC paid the Group \$481,790 (2019: \$517,982) for exploration on the project and management fees (refer note 14) as part of pro rata funding. JOGMEC have currently earned the right to acquire 50% of the Project after completion of Stages 1 & 2 expenditure. The Company and JOGMEC, prior to their withdrawal, were funding exploration activities pro-rata.

These amounts have been included in the Group's Consolidated Statement of Cash Flows and Consolidated Statement of Financial Position (refer note 11), however per the Group's accounting policy (see note 26), the contributions are recorded as deferred income. These amounts will offset the capitalised expenditure incurred resulting in no gain or loss recognised (net effect) until the point at which the interest is taken up. As JOGMEC will not take up its 50% interest, the full amount of deferred income will be recognised in profit and loss as a gain, post year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Interests in other entities (continued)

Currently no cash held by Peel Mining Limited is restricted to be used on the Cobar Superbasin Project under the terms of the JOGMEC arrangement.

3. Interests in associate

In prior financial years, Peel Mining Limited equity accounted for its sole associate of the group, Saturn Metals Limited, as the Group had significant influence over Saturn Metals Limited due to its shareholding. The entity had share capital consisting solely of ordinary shares, which were held directly by the group. The country of incorporation or registration was also its principal place of business, and the proportion of ownership interest was the same as the proportion of voting rights held.

On 9 June 2020 Peel Mining Limited sold 16,000,000 shares in Saturn Metals Limited, leaving a balance of 4,000,001 shares held by Peel Mining Limited. The reduction in ownership interest to 4.5% (2019: 31.43%) is no longer considered an associate interest and hence, the Group has ceased equity accounting for its Saturn Metals Limited holding. The remaining shares held by Peel Mining Limited have been revalued to their fair value, based on the share price of Saturn Metals Limited at 30 June 2020 (see Note 9 for detail).

Name of Entity	Place of business	% of ownership Interest		Nature of relationship	Method	Quoted fair value		Carrying amount	
		2020 %	2019 %			2020 \$	2019 \$	2020 \$	2019 \$
Saturn Metals Ltd	Aus		31.43	Associate	Equity Method	6,000,000			3,320,796
Total equity accounted investment									3,320,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Interests in associate (continued)

	Associate 2020 \$	Associate 2019 \$
Statement of financial position		
Current assets		2,916,109
Total assets		11,202,308
Current liabilities		(572,957)
Total liabilities		(572,957)
Net assets		10,629,351
Equity		
Issued capital		12,132,001
Accumulated losses		(2,044,439)
Option reserve		541,789
Total equity		10,629,351
Statement of profit or loss and other comprehensive income		
Interest Revenue		80,126
Comprehensive loss for the year		(1,267,245)
Total comprehensive loss for the year		(1,187,119)
Reconciliation to carrying amounts:		
Opening balance	3,320,796	3,693,852
Asset acquired during the year	-	-
Loss for the period (2019: 31.43%)	(326,721)	(373,056)
Derecognition as associate	(2,994,075)	-
Closing carrying value	-	3,320,796

4. Segment information

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.

Management has determined that the Group has three reportable segments, being:

Operating Segment	Activities
Mallee Bull	Mineral exploration under a joint venture with CBH Resources Limited at its Mallee Bull prospect.
CSP	Mineral exploration under a farm-in agreement with JOGMEC.
Peel	All other mineral exploration within Australia.

The Group is focused only on mineral exploration and the Board monitors the Group based on actual versus budgeted exploration expenditure incurred for these three areas. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. Decisions regarding the Mallee Bull joint venture are also taken into account by the board, however exploration decisions are made by the Joint Venture committee, which is made up of members from both Peel Mining Limited and CBH Resources Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segment information (continued)

	2020 \$ Peel	2020 \$ CSP	2020 \$ Mallee Bull	2020 \$ Total
Revenue from external sources	172,805	-	-	172,805
Reportable segment profit/(loss)	172,805	-	-	172,805
Segment assets	30,451,896	9,330,206	6,200,754	45,982,856
Segment liabilities	-	(7,363,461)	-	(7,363,461)

	2019 \$ Peel	2019 \$ CSP	2019 \$ Mallee Bull	2019 \$ Total
Revenue from external sources	75,442	-	-	75,442
Reportable segment profit/(loss)	75,442	-	-	75,442
Segment assets	27,725,027	8,060,810	5,963,729	41,749,566
Segment liabilities	-	(6,881,670)	-	(6,881,670)

Reconciliation of reportable segment (loss)

	Consolidated 2020 \$	Consolidated 2019 \$
Reportable segment profit/ (loss)	172,805	75,442
Interest & Other income	6,295,131	81,233
Unallocated expenses	(2,531,145)	(2,653,889)
Associate loss	(326,721)	(373,056)
Profit/(loss) before tax	3,610,070	(2,870,270)

Reconciliation of reportable net assets

	Consolidated 2020 \$	Consolidated 2019 \$
Reportable segment assets	45,982,856	41,749,566
Reportable segment liabilities	(7,363,461)	(6,881,670)
Cash	8,199,092	6,950,662
Unallocated Assets	665,447	890,483
Unallocated liabilities	(512,391)	(1,024,514)
Total Net Assets	46,971,543	41,684,527

5. Cash & cash equivalents

	Consolidated 2020 \$	Consolidated 2019 \$
Cash at bank and in hand	8,199,092	950,662
Term deposits with financial institutions	-	6,000,000
	8,199,092	6,950,662

Refer to Note 18 for the policy on financial risk management

6. Exploration and evaluation assets

All exploration and evaluation expenditure is capitalised under AASB 6 Exploration for and Evaluation of Mineral Resources. Mineral interest acquisition costs and 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Exploration and evaluation assets (continued)

date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active, and significant operations are undertaken in relation to the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the exploration and evaluation phase or development phase until production commences. This policy has resulted in nil exploration expenditure being written off during the year (2019: nil).

Peel accounts for funds received from the ATO under the Research and Development (R&D) Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised. A portion of the R&D Tax Incentive Grant relates to corporate overheads, this portion has been recognised as other income.

	Consolidated 2020 \$	Consolidated 2019 \$
At cost	41,896,334	37,128,536
Reconciliation		
Opening balance	37,128,536	24,585,053
Exploration expenditure	6,506,630	12,543,483
Impairment Expense	-	-
Research and development tax incentive grant	(1,738,832)	-
Closing balance	41,896,334	37,128,536

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.

7. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Other current receivables and prepayments were previously presented together with trade receivables but are now presented as other financial assets at amortised cost (receivables) and other current assets (prepayments) in the balance sheet, to reflect their different nature.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

No material provision for credit losses was required to be recognised in the current period ending 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Trade and other receivables (continued)

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.

	Consolidated 2020 \$	Consolidated 2019 \$
Receivables (Current)		
Trade and other receivables	33,149	39,624
GST recoverable from taxation authority	28,130	278,072
Accrued income	-	1,631
Prepayments	62,302	49,289
	123,581	368,616
Refer to Note 18 for the policy on financial risk management		
Receivables (Non-current)		
Security deposits in relation to exploration tenements	541,866	521,866
	541,866	521,866

8. Property, plant & equipment

Property (Land held at cost)

Property, being interests in freehold land, is held at historical cost and is not depreciated as per AASB 116 Property, Plant and Equipment.

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	3-10 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 impaired.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Property, plant & equipment (continued)

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 of disposal 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 of disposal 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.

Nil impairment losses have been recognised for the year ending 30 June 2020 (2019: \$nil).

	Consolidated 2020 \$	Consolidated 2019 \$
<i>Property</i>		
Freehold land (at cost)	840,487	840,487
<i>Plant and equipment</i>		
Depreciating plant and equipment	889,020	865,454
Less accumulated depreciation	(502,986)	(405,706)
Total property, plant and equipment	1,226,521	1,300,235
Reconciliation		
Carrying amount at beginning of year	1,300,235	1,217,462
Additions	40,078	193,065
Depreciation expense	(113,792)	(99,120)
Accumulated depreciation on disposals	16,512	-
Disposals	(16,512)	(11,172)
Closing balance	1,226,521	1,300,235

9. Financial assets at fair value through other comprehensive income

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) held by the Group comprise of equity securities, which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. Note 26 sets out the remaining accounting policies in relation to Financial Assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Financial assets at fair value through other comprehensive income (continued)

Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

	Consolidated 2020	Consolidated 2019
	\$	\$
Non-current assets		
<i>Listed securities</i>		
Saturn Metals Limited	2,860,001	-
	2,860,001	-

Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains were recognised in profit and loss and other comprehensive income.

	Consolidated 2020	Consolidated 2019
	\$	\$
Gains recognised in other comprehensive income		
Related to equity investments	860,000	-
	860,000	-

Recognised fair value measurements

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows under the table.

Recurring fair value measurements as at 30 June 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Financial Assets at fair value through other comprehensive income (FVOCI)				
Equity securities – mining sector	2,860,001	-	-	2,860,001
Total financial assets	2,860,001	-	-	2,860,001

Peel Mining Limited did not have any financial assets at fair value through other comprehensive income (FVOCI) as at 30 June 2019, therefore no comparative for the previous year is available.

Recognised fair value measurements

There were no transfers between the levels for recurring fair value measurements during the year.

The group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Financial assets at fair value through other comprehensive income (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

All of the resulting fair value estimates for the year ended 30 June 2020 are included in level 1.

10. 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 payable within 30 days of invoice. They are recognised initially at fair value and subsequently at amortised cost.

	Consolidated 2020 \$	Consolidated 2019 \$
Trade payables	214,865	563,563
Accrued expenses & other payables	297,526	460,950
	512,391	1,024,513

11. Deferred income

Japan Oil Gas and Metals National Corporation ("JOGMEC") farm-in agreement

On 30 September 2014, JOGMEC and Peel executed a Memorandum of Agreement ("MoA") pursuant to which JOGMEC could earn up to a 50% interest in certain exploration tenements held by Peel.

Under the terms of this agreement a wholly owned subsidiary of Peel incurred expenses in relation to the farm-in and JOGMEC contributed to these expenses by way of cash call. Based on the terms of the agreement, Peel will account for the MoA as per its policy and the agreement with JOGMEC (above), refer note 2, except the Management Fee of 10% on all expenditure, refer note 14, which is accrued as cash calls are received.

	Consolidated 2020 \$	Consolidated 2019 \$
Funds from farm-out of asset to JOGMEC	7,363,461	6,881,670
Total Deferred Income	7,363,461	6,881,670

Notification was received by Peel from JOGMEC on 14 August 2020 that it was withdrawing from the agreement. The withdrawal results in all rights and interests in the CSP tenure to be transferred to Peel at no cost, resulting in Peel regaining 100% ownership. JOGMEC will now not take up its 50% interest and the full amount of deferred income will be recognised in profit and loss as a gain in the year of notification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. 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) are recognised directly in equity.

(a) Share capital

	Consolidated and Parent Entity			
	2020		2019	
	Number of Shares	\$	Number of Shares	\$
Authorised and issued, ordinary shares fully paid	243,683,611	48,977,246	242,733,611	48,774,396

(b) Movements in ordinary share capital

Opening balance, 1 July	242,733,611	48,774,396	184,035,969	30,266,457
Shares issued as a result of exercise of options	950,000	202,850	1,850,000	386,450
Shares issued as a result of share placements	-	-	32,580,646	10,600,000
Shares issued as a result of rights entitlement	-	-	24,266,996	8,736,119
Transaction costs on share issues	-	-	-	(1,214,630)
Closing balance, 30 June	243,683,611	48,977,246	242,733,611	48,774,396

(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.

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 provides an entitlement to one vote.

(d) Options

Information relating to options issued during the year is set out in note 22.

(e) Capital risk management

In employing its capital, 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 and/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 production, 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 funding arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Reserves and accumulated losses

	Consolidated 2020 \$	Consolidated 2019 \$
<i>(i) Accumulated losses</i>		
Opening balance	(10,467,976)	(7,597,706)
Profit/(Loss) for the year	3,936,791	(2,497,214)
Profit/(Loss) attributable to associate	(326,721)	(373,056)
Closing balance	(6,857,906)	(10,467,976)
<i>(ii) Option reserve</i>		
Opening balance	3,378,107	2,472,772
Option expenses (employee/director options)	614,096	905,335
Closing balance	3,992,203	3,378,107
<i>(iii) Financial assets at FVOCI reserve</i>		
Opening balance	-	-
Fair value movement on financial assets	860,000	-
Closing balance	860,000	-

Nature and purpose of option reserve

The option 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

	2020		2019	
	Number	\$	Number	\$
Opening balance	10,150,000	3,378,107	8,400,000	2,472,772
Issued to directors, employees and contractors	4,000,000	614,096	3,600,000	905,335
Lapsed	(2,737,500)	-	-	-
Exercised	(950,000)	-	(1,850,000)	-
Closing balance	10,462,500	3,992,203	10,150,000	3,378,107
Exercisable at \$0.203 each on or before 10 October 2019	-	-	650,000	-
Exercisable at \$0.223 each on or before 28 November 2019	-	-	3,000,000	-
Exercisable at \$0.260 each on or before 15 August 2020	900,000	-	900,000	-
Exercisable at \$0.783 each on or before 30 November 2020	2,000,000	-	2,000,000	-
Exercisable at \$0.641 each on or before 7 December 2021	2,000,000	-	2,000,000	-
Exercisable at \$0.570 each on or before 7 December 2021	1,562,500	-	1,600,000	-
Exercisable at \$0.310 each on or before 9 September 2022	2,000,000	-	-	-
Exercisable at \$0.320 each on or before 29 November 2022	2,000,000	-	-	-
	10,462,500	-	10,150,000	-

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 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Reserves and accumulated losses (continued)

Nature and purpose of financial assets at FVOCI reserve

The Group has elected to recognise the changes in the fair value of certain investments in equity securities in OCI, as explained in note 9. These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

14. Operator Management Fee and Other Income

Income recognition

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

Operator Management Fee

Peel Mining Limited receives a 10% management fee on all exploration expenses from Peel (CSP) Pty Ltd as the operator of the CSP Project, under the JOGMEC farm-in arrangement. The income is accrued when expenditure is incurred. This revenue falls under the adoption of AASB 15 effective 1 July 2018 as it is identified to be a single performance obligation and separately identifiable from the deferred income (refer note 11). Management has assessed the impact and disclosures required and determined nil impact to the financial statements, refer note 26.

Interest income

Interest income is recognised as the interest accrues using the effective interest rate method.

R&D Tax Incentive grant income

Peel accounts for funds received from the ATO under the Research and Development ("R&D") Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised. Where a portion of the R&D Tax Incentive Grant relates to corporate overheads, this portion has been recognised as other income.

Recognition of associate

Peel has elected to apply the full gain recognition in accounting for the disposal of an asset to an associate. Under this method when control of a subsidiary is lost a gain or loss is recognised on both the retained interest in the entity and the portion no longer owned.

On 9 June 2020 Peel Mining Limited sold 16,000,000 shares in Saturn Metals Limited, leaving a balance of 4,000,001 shares held by Peel Mining Limited. The sale of the shares resulted in a reduction in ownership interest to 4.54% (2019: 31.43%), which is no longer considered an associate interest. The remaining shares held by Peel Mining Limited have been revalued to their fair value, based on the share price of Saturn Metals Limited at 30 June 2020 (refer to note 9 for detail). The gain on disposal of the investment in Saturn Metals Limited was calculated by taking into account the proceeds of the sale, the holding value of the asset to Peel Mining Limited and the losses attributable to the associate recognised over the course of the investment period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Operator Management Fee and Other Income (continued)

All other items of income on the consolidated statement of profit or loss and other comprehensive income are listed below:

	Consolidated 2020 \$	Consolidated 2019 \$
Government relief grants	50,000	-
Gain or (Loss) on disposal of assets (De-recognition of subsidiaries)	-	14,662
Gain or (Loss) on disposal of assets (Property, Plant & Equipment)	34,772	(11,172)
Gain or (Loss) on disposal of assets (Investment in Associate)	6,205,925	-
	6,290,697	3,490

15. Expenses

	Consolidated 2020 \$	Consolidated 2019 \$
Loss before income taxes includes the following specific expenses:		
Employees and director's benefit expenses		
Employee costs	377,225	437,779
Directors fees	101,067	100,008
Superannuation and oncosts	135,365	155,950
	613,657	693,737
Administration expenses		
Corporate	881,670	791,551
Consultants	311,584	164,146
	1,193,254	955,697

16. Income tax

The income tax expense (or benefit) for the period is the tax payable (or refundable) on the current period's taxable income based on the notional 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 income 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 are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Income tax (continued)

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.

During the year, the Group made an accounting profit before income tax of \$3,610,070. The Group utilised current and carried forward taxable losses to offset the taxable liability to nil. The Group has carried forward tax adjusted losses arising in Australia of \$8,836,585 (2019: \$9,796,698) available for offset against future assessable income of the Group. The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to the residual tax losses of \$7,780,725 has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

17. Reconciliation of cash flows from operating activities to earnings after income tax

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

	Consolidated 2020	Consolidated 2019
	\$	\$
Net cash outflow from operating activities	(1,643,538)	(1,549,750)
Adjustments for		
Share-based payments	(614,096)	(905,335)
Depreciation	(113,792)	(99,120)
Gain on disposal of asset	6,240,697	3,490
Loss of associate	(326,721)	(373,056)
Change in operating assets and liabilities		
(Increase) / decrease in receivables	7,356	(34,102)
(Increase) / decrease in provisions	76,708	-
Increase / (decrease) in payables	(16,544)	87,603
Profit (Loss) after income tax	3,610,070	(2,870,270)

18. Financial risk management

Overview

The Group is exposed to financial risks through the normal course of its business operations. The key risks impacting the Group's financial instruments are considered to be, interest rate risk, liquidity risk, and credit risk. The Group's financial instruments exposed to these risks are cash and cash equivalents, security deposits, trade receivables, trade payables and other payables.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Management assesses the credit quality of the counterparties by taking into account its financial position, past experience and other factors. For banks and financial institutions, management considers independent ratings and only dealing with banks licensed to operate in Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Financial risk management (continued)

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Tax receivables and prepayments do not meet the definition of financial assets.

Risk management

The Group limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings.

The Group operates in the mining exploration sector and does not have trade receivables from customers. It does however have credit risk arising from 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 ensuring there are appropriate plans in place to finance these future cash flows.

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

Financial obligations	Note	Consolidated Carrying Amount	
		2020	2019
		\$	\$
Trade and other payables	10	512,391	1,024,513

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates, 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	Note	Consolidated Carrying Amount	
		2020	2019
		\$	\$
Short term cash deposits	5	-	6,000,000
Security deposits	7	541,866	521,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Financial risk management (continued)

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

At 30 June 2020 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax profit/(loss) would have been \$38,456 lower/higher (2019: (\$69,507) lower/higher). This is based on a calculated weighted average balance of short term cash deposits during the financial year of \$3,845,588.

Capital Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads.

The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group were as follows:

	Note	2020 \$	2019 \$
Cash and cash equivalents	5	8,199,092	6,950,662
Trade and other receivables	7	123,581	368,616
Trade and other payables	10	(512,391)	(1,024,513)
Working capital position		7,810,282	6,294,765

Fair values

The carrying values of all financial assets and financial liabilities, as disclosed in the Consolidated Statement of Financial Position, are the same as their fair values, due to their short-term nature.

19. Contingencies & Commitments

The Group had no contingent assets or liabilities as at 30 June 2020 (2019: \$Nil).

Operating lease commitments – Peel Mining Limited as lessee

The Company has entered into a commercial property lease agreement for its Perth office, which has been on a month-by-month basis since July 2015.

The group had no other operating lease commitments within 12, before 60 or later than 60 months as at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Contingencies & Commitments (continued)

Exploration commitments

Under the terms of mineral tenement licences held by the Group in New South Wales, there are no minimum annual expenditure obligations required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing.

Work programs are submitted on application and renewal which may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements, and avoid expenditure required on work programs, or may seek exemptions from the relevant authority. The Group's only commitments in relation to these tenements are the payment of annual rents which for the upcoming year total \$139,700 (2019: \$141,080).

20. Events after the reporting period

Acquisition of Mallee Bull

In July 2020, Peel received an Initial Transfer Notice (ITN) from CBH Resources Ltd (CBH) after CBH received an unconditional cash offer of \$17,000,000 from a third party for its 50% share of the joint venture. CBH advised that it intended to accept the third party offer, subject to Peel not exercising its pre-emptive right.

Peel Mining Limited has had independent confirmation of the validity of the ITN and third party offer per the conditions of the joint venture agreement. Pursuant to the joint venture agreement between

Peel and CBH, Peel has a pre-emptive right to acquire the joint venture interest on the same terms. Peel has exercised its right to acquire the joint venture interest to gain 100% ownership of the project for a cash offer of \$17,000,000. The acquisition is conditional on NSW Government Ministerial approval of the transfer of the titles.

Capital Raising

In August 2020, the Company successfully completed a placement of 60 million shares at an issue price of \$0.175 each to raise a gross amount of \$10,500,000. This was completed in conjunction with a fully underwritten 1 for 8 pro-rata entitlement issue to raise a further \$6,643,036 at the same price as the aforementioned placement. Funds from this raising are proposed to be used, in conjunction with existing cash and liquid investments, for the acquisition of the 50% share of the Mallee Bull Joint Venture which is currently held by CBH, the costs of the capital raising and for ongoing working capital and general corporate purposes.

JOGMEC Withdrawal

Notification was received by Peel from JOGMEC on 14 August 2020 that it was withdrawing from the agreement. The Company and JOGMEC are finalising a deed of mutual release and final expenditure in relation to the project. The withdrawal results in all rights and interests in the CSP tenure to be transferred to Peel at no cost, resulting in Peel regaining 100% ownership.

Other than the above, there were no events occurring after balance date requiring separate disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Related parties

(a) Compensation of key management personnel

	Consolidated 2020 \$	Consolidated 2019 \$
Short-term employee benefits	367,698	338,854
Post-employment benefits	34,931	32,191
Long-term benefits	14,219	10,406
Share-based payments	515,906	547,941
	932,754	929,392

(b) Other transactions with key management personnel

Simon Hadfield, is a Director of Resource Information Unit Pty Ltd (RIU) and RIU Conferences Pty Ltd. RIU leases office space to the Company and charges rental lease fees on arm's length commercial terms on a monthly basis. Total fees charged to the Company by RIU for the year ended 30 June 2020 were \$65,556 (2019: \$57,245).

During the year the Company participated in conferences, to the value of \$9,900 (2019: \$27,720) organised by RIU Conferences Pty Limited. These amounts are included in profit for the year within administration expenses.

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

Amounts recognised as expense	Consolidated 2020 \$	Consolidated 2019 \$
Rent and office management fees	65,556	57,245
Conferences	9,900	27,720
	75,456	84,965

(c) Transaction with Saturn Metals Limited

Peel Mining Limited (PEX) holds 4.5% of Saturn Metals Limited (2019: 31.43%). Saturn Metals Limited engaged Peel Mining Limited in a non-exclusive basis to perform and provide administrative services and facilities through a service agreement.

	Consolidated 2020 \$	Consolidated 2019 \$
Proceeds from management services provided to associate	163,499	153,238

Outstanding balances arising from sale of services with related parties

	Consolidated 2020 \$	Consolidated 2019 \$
Saturn Metals Limited	9,023	11,183

Other than the above, the Group had no other transactions with related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. 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, term of the option, share price at grant date, expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

(a) Employee share option plan

During the year the Company granted options to employees through its employee share option plan ("ESOP").

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

	2020	Consolidated		2019
	Number	2020	2019	2019
		\$	Number	\$
Options granted to employees	2,000,000	298,104	1,600,000	357,394

An employee share option plan, designed to provide long-term incentives for senior employees to deliver long-term shareholder returns, was established in June 2008. Under the plan, participants are granted options of which 50% are vested immediately and the remainder after 12 months employment with the Company. During the 2020 financial year, Executive Director Jim Simpson was issued 2,000,000 options under the plan, which was approved by shareholders at the Annual General Meeting held on the 28th November 2019.

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

When exercisable, each employee option granted during the 30 June 2020 financial year, is convertible into one ordinary share at an exercise price of 31 cents.

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

30 June 2020

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
28 Nov 19	9 Sep 22	0.310	-	2,000,000	-	-	2,000,000	1,000,000
7 Dec 18	7 Dec 21	0.570	1,600,000	-	-	(37,500)	1,562,500	1,562,500
15 Aug 17	15 Aug 20	0.260	900,000	-	-	-	900,000	900,000
10 Oct 16	10 Oct'19	0.203	650,000	-	(450,000)	(200,000)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Share-based payments (continued)

30 June 2019

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
7 Dec 18	7 Dec 21	0.570	-	1,600,000	-	-	1,600,000	800,000
15 Aug 17	15 Aug 20	0.260	1,000,000	-	(100,000)	-	900,000	900,000
10 Oct 16	10 Oct'19	0.203	800,000	-	(150,000)	-	650,000	650,000
19 Oct 15	19 Oct'18	0.190	600,000	-	(600,000)	-	-	-

Fair value of options granted

The assessed fair value at grant date of options granted to employees during the period ended 30 June 2020 was \$0.13 per option (2019: \$0.28).

The model inputs for options granted during the years ended 30 June 2020 and 30 June 2019 included:

	Employee Options	
	2020	2019
Options are granted for no consideration and vest accordingly	50% vest immediately 50% vest in one year from grant date	50% vest immediately 50% vest in one year from grant date
Exercise Price	\$0.31	\$0.57
Grant Date	28 Nov 2019	7 Dec 2018
Expiry Date	9 Sep 2022	7 Dec 2021
Share Price at Grant Date	\$0.27	\$0.48
Expected price volatility	80%	100%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.77%	1.93%

(b) Director options

During the year the Company, with shareholder approval, granted options to its directors.

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

	Consolidated			
	2020	2020	2019	2019
	Number	\$	Number	\$
Options granted to directors	2,000,000	315,992	2,000,000	547,941

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Share-based payments (continued)

Set out below are summaries of director options granted.

30 June 2020

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
28 Nov 19	29 Nov 22	0.320	-	2,000,000	-	-	2,000,000	2,000,000
7 Dec 18	7 Dec 21	0.641	2,000,000	-	-	-	2,000,000	2,000,000
30 Nov 17	30 Nov 20	0.783	2,000,000	-	-	-	2,000,000	2,000,000
28 Nov 16	28 Nov 19	0.223	3,000,000	-	(500,000)	(2,500,000)	-	-

30 June 2019

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested and exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
7 Dec 18	7 Dec 21	0.641	-	2,000,000	-	-	2,000,000	1,500,000
30 Nov 17	30 Nov 20	0.783	2,000,000	-	-	-	2,000,000	2,000,000
28 Nov 16	28 Nov 19	0.223	3,000,000	-	-	-	3,000,000	3,000,000
7 Dec 15	7 Dec 18	0.216	1,000,000	-	(1,000,000)	-	-	-

Fair value of options granted

The assessed fair value at grant date of options granted to directors during the period ended 30 June 2020 was \$0.13 per option (2019: \$0.27).

The model inputs for options granted during the years ended 30 June 2020 and 2019 included:

	Executive and Non-executive Director Options	
	2020	2019
Options are granted for no consideration and vest accordingly	2,000,000 vest immediately	1,500,000 vest immediately 500,000 vest 7 Nov 19
Exercise Price	\$0.320	\$0.641
Grant Date	28 Nov 2019	7 Dec 2018
Expiry Date	29 Nov 2022	7 Dec 2021
Share Price at Grant Date	\$0.270	\$0.475
Expected Price Volatility	80%	100%
Expected Dividend Yield	0.00%	0.00%
Risk-free interest rate	0.77%	1.93%

(c) Acquisition – Share based payment

Peel Mining Limited made no acquisitions using share-based payments during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Share-based payments (continued)

(d) Weighted averages – Options

The weighted average exercise price \$0.50 (2019: \$0.47).

The weighted average fair value of options is \$0.21 (2019: \$0.21).

The weighted average remaining contractual life is 1.46 years (2019: 1.39 years).

23. Remuneration of auditors

	Consolidated 2020 \$	Consolidated 2019 \$
Amounts paid or due and payable to PricewaterhouseCoopers Audit and review of financial reports	52,100	52,100
	52,100	52,100
Taxation services	11,388	9,000
Indirect taxation services	82,500	-
Total	93,888	9,000

24. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss 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 loss 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.

	Consolidated	
	2020	2019
Basic earnings per share		
Profit (Loss) from continuing operations attributable to the ordinary equity holders of the Company	0.015	(0.014)
Diluted earnings per share		
Profit (Loss) from continuing operations attributable to the ordinary equity holders of the Company	0.013	(0.014)
Reconciliation of earnings used in calculation of earnings per share		
Profit (Loss) used in calculating basic profit (loss) per share	3,610,070	(2,870,270)

	Consolidated	
	Number of Shares 2020	Number of Shares 2019
Weighted average number of shares used as the denominator		
Weighted average number of shares used in calculating basic earnings per share	243,391,534	212,232,696

Effect of dilutive securities

Options on issue at reporting date could potentially dilute earnings per share in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Parent entity information

	Parent entity	
	2020	2019
	\$	\$
Statement of financial position		
Current assets	8,250,083	7,084,805
Total assets	47,457,390	42,569,890
Current liabilities	(485,847)	(885,364)
Total liabilities	(485,847)	(885,364)
Net assets	46,971,543	41,684,526
Equity		
Issued capital	48,934,083	48,731,233
Share option reserve	3,992,203	3,378,107
Financial Assets at FVOCI Reserve	860,000	-
Accumulated losses	(6,814,743)	(10,424,814)
Total equity	46,971,543	41,684,526
Statement of profit or loss and other comprehensive income		
Interest Revenue	54,433	77,743
Other income	6,417,157	78,932
Comprehensive loss for the year	(2,861,520)	(3,026,946)
Total comprehensive loss for the year	3,610,070	(2,870,271)

Commitments for the parent entity are the same as those for the consolidated entity and are set out in note 19.

The Group had impaired values held by subsidiaries Apollo Hill Limited and Peel Environment Limited as these companies are now being held dormant. The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year-end.

26. 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 Group which comprises Peel Mining Limited and its controlled entities at the end of, or during the financial years ended 30 June 2020 and the comparative period.

(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.

As at 30 June 2020, the Group made a net profit/(loss) after tax of \$3,610,070 (2019: (\$2,870,270)). The ongoing capital requirements of the Group are dependent on the Group's ability to raise funds in the future.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the twelve month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the basis of preparation is appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Statement of significant accounting policies (continued)

Compliance with IFRS

The financial statements and notes of the Group 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 entities controlled during the year and at reporting date ("Group"). A controlled entity is any entity that the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Information from the financial statements of the controlled entities 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.

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

Peel Mining Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Details of joint operations are set out in note 2.

(c) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Statement of significant accounting policies (continued)

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.

(d) Accounting for farmouts

The Group may enter into transactions whereby a third party ("Farmee") may earn a right to acquire an interest in assets owned by the Group by meeting certain obligations agreed to by both parties. As the terms of farm-ins are not generic management assess each agreement on a transaction by transaction basis and determines the appropriate accounting treatment based on the terms of the agreement.

(e) Leases

AASB 16 Leases eliminates the classifications of operating leases and finance leases for lessees. Except for short-term leases and leases of low-value assets, rights-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, while the lease liability is reduced by an allocation of each lease payment. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

As at 30 June 2020, the Group did not recognise any lease assets or lease liabilities on the balance sheet. During the prior period, the Group classified the lease for its office space as an operating lease with payments recognised as an expense as incurred. As the contract term is less than 12 months, and considered short-term, the Group elects to recognise the lease payments directly as an expense in profit or loss.

The Group has considered other significant contracts, such as those for drilling, and determined that there are no other contracts that meet the definition of a lease under AASB 16.

(f) Investments and other financial assets

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Statement of significant accounting policies (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(g) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and leave entitlements that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

(h) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Statement of significant accounting policies (continued)

(i) New accounting standards and amendments

Certain new accounting standards and interpretations have been published that are mandatory for the 30 June 2020 reporting period and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(j) 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.

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.

DIRECTORS' DECLARATION

The board of directors of Peel Mining Limited declares that:

- (a) the financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated 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 other mandatory professional reporting requirements ; and
 - (ii) give a true and fair view of the consolidated financial position as at 30 June 2020 and of its performance for the financial year ended on that date of the consolidated entity.
- (b) 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;
- (c) 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:



Robert Tyson

Managing Director

Perth, Western Australia

9th September 2020



Auditor's Independence Declaration

As lead auditor for the audit of Peel Mining Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- (b) no contraventions of 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.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
9 September 2020

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Independent auditor's report

To the members of Peel Mining Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Peel Mining Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended, and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$548,400 which represents approximately 1% of the Group's total assets. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Group's total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured whilst in the exploration phase. We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Group's operational and financial processes are managed by a corporate function in Perth. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Basis of preparation of the financial report Carrying value of exploration and evaluation assets. These are further described in the <i>Key audit matters</i> section of our report.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Basis of preparation of the financial report</i></p> <p>The financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business.</p> <p>The Group is in the exploration and evaluation phase and generates management fee income from its JOGMEC arrangement. It relies on funding from its shareholders or other sources to continue as a going concern. These funds are used to meet expenditure requirements to maintain the good standing of the Group's tenements, progress project feasibility studies, to cover corporate overheads and to fund the acquisition of projects.</p> <p>In determining the appropriateness of the going concern basis of preparation of the financial report, the Group made a number of judgements, including expenditure required to progress the Group's current projects and future acquisitions and the minimum corporate overhead expenditure required to continue operations.</p> <p>Assessing the appropriateness of the basis of preparation for the Group's financial report was a key audit matter due to its importance to the financial report and the judgement involved in forecasting future cash flows for a period of at least 12 months from the date of the financial report.</p>	<p>In assessing the appropriateness of the going concern basis of preparation for the Group's financial report, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none">• Agreed the amounts received from the capital raising during the year and subsequent to year end to third party bank support.• Evaluated the appropriateness of the Group's assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of the financial report and that relevant information of which we are aware as a result of the audit has been included.• Inquired of management and the directors whether they were aware of any events or conditions, including beyond the period of assessment that may cast significant doubt on the Group's ability to continue as a going concern.• Compared the key underlying data and assumptions in the Group's cash flow forecast to approved budgets and historical cash outflows, including an assessment of the reasonableness of exploration and evaluation expenditure for the forecast period by comparing forecast expenditure to actual expenditure incurred in prior periods.• Developed an understanding of what forecast expenditure in the cash flow forecast is committed and what could be

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<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
	<p>considered discretionary, including committed expenditure for future acquisitions.</p> <ul style="list-style-type: none">• Assessed management’s historical accuracy of cash flow forecasting by comparing actual results to prior period forecasts.• We evaluated the adequacy of disclosures in light of the requirements of Australian Accounting Standards.
<p><i>Carrying value of exploration and evaluation assets</i> <i>(Refer to note 6)</i></p> <p>As at 30 June 2020, the Group had capitalised exploration and evaluation assets of \$41,896,334 relating to mining, exploration and prospecting licenses across New South Wales.</p> <p>This was a key audit matter because of the relative size of the exploration and evaluation balance in the consolidated statement of financial position and the risk of impairment should the result of exploration activities not be positive, or the Group relinquish certain exploration licences as it continues to assess future viability.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none">• Inquired with management and directors to develop an understanding of the current status and future intentions for the Group’s exploration projects.• Assessed whether the Group retained right of tenure for all of its exploration licence areas by obtaining licence status records from relevant government databases.• Obtained management’s exploration expenditure forecasts supporting their assessment of indicators of impairment and compared these to the approved budgets and future cash flow forecasts of the Group.• Inquired of management and directors as to the future planned expenditure on capitalised exploration and evaluation assets and assessed plans for future expenditure to maintain the good standing of the Group’s tenements.
<p><i>Other information</i></p> <p>The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor’s report thereon.</p>	



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 28 to 33 of the directors' report for the year ended 30 June 2020.

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In our opinion, the remuneration report of Peel Mining Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PriceWaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
9 September 2020

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CORPORATE GOVERNANCE STATEMENT

ASX BEST PRACTICE RECOMMENDATIONS

This statement outlines the main corporate governance practices that were formally in place from 15 September 2014 onwards and were updated 1 September 2020. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

COMPANY VALUES

The Company's culture is based on striving to achieve excellence in all we do through perseverance and teamwork.

The core values we seek our board, management, staff and contractors to commit to are:

Safety – undertaking all activities in a safe and responsible manner

Sustainability – undertaking our activities in an effort to create a better future for all stakeholders

Integrity – acting honestly and reliably in all actions and dealings

Respect – accepting others for who they are, and giving consideration to their opinions and rights

Excellence – striving to be the best that we can be and persisting when faced with challenges

Perseverance – persistence in undertaking our activities despite difficulty or challenges in achieving success

BOARD OF DIRECTORS

The Board operates in accordance with the broad principles set out in its' Corporate Governance Plan (Plan), which is available from the corporate governance information section of the Company website at www.peelmining.com.au.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its' shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

- **Strategy** - Providing strategic guidance to the Company, including contributing to the development of and approving the corporate strategy;
- **Financial performance** - Approving budgets, monitoring management and financial performance;
- **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
- **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
- **Remuneration** - Management of the remuneration and reward systems and structures for Executive management and staff;
- **Risk management** - Ensuring that appropriate risk management systems and internal controls are in place; and

CORPORATE GOVERNANCE STATEMENT

- **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the board. All directors have direct access to the Company Secretary.

The Board has delegated to management responsibility for the day-to-day operation and administration of the Company is delegated by the board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and Executive Directors.

The roles of Chairman and Managing Director are not combined. The Managing Director is accountable to the Board for all authority delegated to the position.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- procedures are in place to incorporate presentations to each Board meeting by financial and operations management.

COMPOSITION OF THE BOARD

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report. A summary of these skills and experiences are provided in table 1.

The composition of the Board is determined using the following principles.

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter;
- The Chairperson should ideally be independent, but in any case be Non-executive and be elected by the Board based on his/her suitability for the position;
- The roles of Chairperson and Managing Director should not be held by the same individual;
- All Non-executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company;
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has four Directors, with only Mr Hadfield as independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

The Board has accepted the following definition of an independent Director:

CORPORATE GOVERNANCE STATEMENT

An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- does not hold more than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- is not, or has not been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services or a material consultant to the Company or any of its child entities;
- is not, or has not been within the last three years, in a material business relationship (eg as a supplier or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is not a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial security holder of the Company;
- does not have a material contractual relationship with the Company or its child entities other than as a Director;
- does not have close family ties with any person who falls within any of the categories described above; or
- has not been a Director of the Company for such a period that his or her independence may have been compromised.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

All Board Members receive performance-based remuneration as outlined in the Remuneration Report. However, the Board are of the opinion that these incentives are aligned with the Company's objectives and the quantum received do not compromise the independence of the individual director.

Table 1: Skills and Experience Matrix of Peel Mining Limited's Directors

Area	Competence
Business and Finance	Accounting, Tax, Business Strategy, Corporate Financing, Financial Literacy, Agreements/Fiscal Terms and Risk Management, Marketing
Leadership	Business Leadership, Executive Management and Mentoring, Public Listed Company Experience
Sustainability & Stakeholder	Community Relations, Corporate Governance, Environmental Issues, Government Affairs, Health & Safety, Human Resources, Industrial Relations and Remuneration
Industry Specific (Australia)	Precious Metals – Geology Exploration & Production, Base Metals – Geology Exploration & Production, Precious Metals – Mining Engineering, Base Metals – Mining Engineering, Mineral Economics.

The directors on the Board collectively have a combination of skills and experience in the competencies set out in the table above. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each director and the combined capabilities of the Board. Where an existing or projected competency gap is identified, the Board will address those gaps. The Board does not currently consider that there are any existing or projected competency gaps.

CORPORATE GOVERNANCE STATEMENT

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right to seek independent external professional advice as they considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS

Because of the size of the Group and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The board has adopted a Nomination Committee Charter and will act in accordance with the Charter and hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the internet.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Non-executive Directors do not have written agreements setting out the key terms and conditions of their appointment because the Company's constitution and the ASX Listing Rules govern the term of each director's appointment. Directors are required to retire by rotation. Common law and the Corporations Act govern the duties of directors and members are required to approve the maximum fees paid to Non-executive Directors. Executive directors enter into an employment agreement which governs the terms of their appointment.

The Board undertakes appropriate checks prior to nominating a director for election by shareholders. These checks include a police and reference checks. Shareholders are provided with all material information in its possession concerning a director standing for election or re-election in the relevant notice of meeting.

An informal induction is provided to all new directors, which includes meeting with technical and financial personnel to understand Peel Mining Limited's business, including strategies, risks, company policies and health and safety.

All Directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the Directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors. The Board will approve and review continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

TERM OF OFFICE

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election. Where standing for re-election as a Director, the term of office served by the Director and a statement of whether the Board considers the candidate to be independent and if the Board supports the re-election of the candidate will be provided to shareholders.

CORPORATE GOVERNANCE STATEMENT

PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR

The performance of all Directors, the Board as a whole and the Managing Director and Company Secretary is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- comparison of the performance of the Board against the requirements of the Corporate Governance Plan;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

A review was undertaken during the reporting period.

PERFORMANCE OF SENIOR EXECUTIVES

The Managing Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive. The basis of evaluation of senior executives will be on agreed performance measures.

A review of senior executives was undertaken during the reporting period.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company are set out in the related parties note in the financial statements.

DIVERSITY

Peel Mining Limited recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Diversity Policy defines the initiatives which assist Peel Mining Limited with maintaining and improving the diversity of its workforce. A copy of the Diversity Policy can be found in the company's Corporate Governance Framework on the Company's website. The Company currently has a naturally diverse workplace in terms of gender, age, ethnicity and cultural background, and believes that currently meets the objectives of its policy. As such no formal measurable objectives have been required or set for achieving diversity. This will be monitored by the Board on an annual basis.

The policy was formally adopted by the Company on the 23 September 2015 and updated as at 1st September 2020.

CORPORATE GOVERNANCE STATEMENT

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the table below:

Proportion of Women

	Proportion of women
Organisation as a whole	8 out of 21 (38%)
Executive Management Team	0 out of 2 (0%)
Board	0 out of 4 (0%)

REMUNERATION

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high quality Executives and Management;
- Design executive remuneration to attract, retain and motivate high quality senior executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive and Management remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

BOARD REMUNERATION COMMITTEE

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has adopted a Remuneration Committee Charter and will act in accordance with the Charter. The full Board will hold special meetings or sessions as required to review any matters of significance affecting the remuneration of the Board and employees of the Company. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.

AUDIT AND RISK COMMITTEE

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate. The Board assures integrity of the financial statements by:

- a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- b) monitoring compliance of the accounting records and procedures in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, ASX and Australian Taxation Office;

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- c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- d) reviewing audit reports and management letters to ensure prompt action is taken;
- e) when required, nominating the external auditor and at least annually review the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

RISK OVERSIGHT AND MANAGEMENT

The Board determines the Company's 'risk profile' and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be affected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

The Board reviewed the Risk Management Framework, including the policies, procedures and the Company's Risks during the reporting period.

A summary of Peel Mining Limited's Risk Management review procedures can be found in the corporate governance information section of the Company website at www.peelmining.com.au.

Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity. Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

No internal audit function is currently in place due to the size of the Company, however the Board regularly assesses the need for an internal audit function. The Board encourages management

CORPORATE GOVERNANCE STATEMENT

accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Half yearly, the Financial Controller (or equivalent) and the Managing Director are required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001 –

- the financial records of the Company for the financial period have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied.

Additional declaration required as part of corporate governance –

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the June 2020 financial year.

CODE OF CONDUCT

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity & Objectivity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

TRADING IN PEEL MINING LIMITED SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

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CONTINUOUS DISCLOSURE

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

The Company is committed to:

- a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- b) preventing the selective or inadvertent disclosure of material price sensitive information;
- c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

SHAREHOLDER COMMUNICATIONS STRATEGY

The Company recognises the value of providing current and relevant information to its shareholders. The Company has adopted a Shareholder Communications Strategy which can be found in the Company's Corporate Governance Plan, and accessed from Peel Mining Limited's website at <http://www.peelmining.com.au>.

Information is communicated to shareholders through the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting. After the Annual General Meeting, the Managing Director provides shareholders with a presentation. Afterwards all directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact the Company through the Contact Us section on Peel Mining Limited's website, to submit any questions via email, or call.

The Company's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

The Company ensures that its external auditor is present at all Annual General Meetings to enable shareholders to ask questions relevant to the audit directly to the auditor.

All resolutions at shareholder meetings will be decided by a poll.

COMPANY WEBSITE

Peel Mining Limited has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at <http://www.peelmining.com.au>.

SHAREHOLDER INFORMATION

Information relating to shareholders at 4 September 2020

Distribution of shareholders

Range	Number of Holders	Number of Ordinary Shares	%
1 - 1,000	86	24,900	0.01
1,001 - 5,000	235	680,716	0.20
5,001 - 10,000	164	1,273,701	0.37
10,001 - 100,000	637	23,017,845	6.74
100,001 - 999,999,999	266	316,646,652	92.68
Total	1,391	341,643,814	100.00

<i>Twenty largest shareholders</i>	Number of Ordinary Shares	%
1. ST BARBARA LTD	41,537,109	12.16
2. POINT NOMINEES PTY LTD	17,350,751	5.08
3. WINCHESTER INVESTMENTS GROUP PTY LIMITED	16,319,502	4.78
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,857,177	4.64
5. PERTH CAPITAL PTY LTD	15,534,915	4.55
6. PERTH CAPITAL PTY LTD	15,499,589	4.54
7. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,980,837	3.80
8. BELGRAVIA STRATEGIC EQUITIES PTY LTD	12,293,795	3.60
9. HAMPTON HILL MINING NL	11,643,750	3.41
10. ARIKI INVESTMENTS PTY LIMITED	9,598,892	2.81
11. JAYLEAF HOLDINGS PTY LTD	7,269,990	2.13
12. GIBSON MINERALS LIMITED	6,428,571	1.88
13. BNP PARIBAS NOMS PTY LTD	6,218,130	1.82
14. TREASURY SERVICES GROUP PTY LTD	5,714,286	1.67
15. JETOSEA PTY LTD	4,924,087	1.44
16. WARRAMBOO HOLDINGS PTY LTD	4,140,403	1.21
17. WYTHENSHAW PTY LTD	3,498,750	1.02
18. WYTHENSHAW PTY LTD	3,414,863	1.00
19. KERONGA DEVELOPMENTS PTY LTD	2,973,243	0.87
20. MR ROBERT MACLAINE TYSON	2,877,625	0.84
	216,076,265	63.25

SHAREHOLDER INFORMATION

<i>Substantial shareholders</i>		Number of Ordinary Shares	%
1.	Hampton Hill Mining NL and Associates	55,507,270	16.25
2.	St Barbara Limited	41,537,109	12.16
3.	Point Nominees Pty Ltd and Associates	18,563,501	5.43

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SHAREHOLDER INFORMATION

At the prevailing market price of \$0.265 per share there were 136 shareholders with less than a marketable parcel of shares at 4 September 2020.

At 4 September 2020 there were 1,388 holders of ordinary shares in the Company.

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

Unquoted securities

At the date of this report the Company had 10,462,500 unlisted share options on issue.

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)"

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