

10th September 2018

Dear Option Holder

Peel Mining Limited – non-renounceable rights issue

As announced on 7 September 2018, Peel Mining Limited (ACN 119 343 734) (the **Company**) is undertaking a 1:8 non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 24,266,996 fully paid ordinary shares (**New Shares**) to raise approximately \$8,736,119. The price of New Shares under the Offer is 36 cents (\$0.36) each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX earlier today.

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**). The Company must pay the Underwriter the following fees:

- (a) an underwriting fee equal to 4% of the total gross amount raised in the Offer;
- (b) an Issue Management Fee of 2.0 % of the total gross amount raised in the Offer;
- (c) a Corporate Advisory Fee of \$30,000 for its services in managing the Issue.

In addition to the fees set out above, the Company will reimburse the Underwriter for all costs and expenses incidental to the Offer.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Drill out and resource definition at the Wagga Tank/ Southern Nights prospect.	5,500,000	63%
2.	Regional exploration incl. Wagga Tank/ Southern Nights	1,000,000	11%
3.	Mallee Bull and CSP commitments till June 2019	700,000	8%
4.	Expenses of the Offer ¹	598,567	7%
5.	Working capital	937,552	11%
	Total	8,736,119	100%

Peel Mining Limited ACN 119 343 734

tel: (08) 9382 3955. email info@peelmining.com.au

PO Box 849, West Perth WA 6872. Unit 1, 34 Kings Park Road, West Perth WA 6005

www.peelmining.com.au

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The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 14 September 2018, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 24,266,996 New Shares resulting in total Shares on issue of approximately 218,402,965 (included Shares to be issued pursuant to the Placement announced on 7 September 2018).

Option holders

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for new shares to be allotted and to be entered on the Company's register of members on or before 5:00pm (WST) on 14 September 2018 (**Record Date**).

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at Unit 1, 34 Kings Park Road, West Perth WA 6005:

A notice of exercise of options (attached to this letter);

An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and

Payment for the exercise price in respect of those options to be exercised by way of a bank transfer or cheque made payable to "Peel Mining Limited – Business Cheque Account".

To ensure that your new shares are allotted prior to the Record Date, the above must be received by the Company **no later** than 13th. If received after this date, allotment of New Shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, please contact your financial adviser or the Share Registry (Link Market Services Limited) on +61 1300 306 413.

Yours sincerely

Robert Tyson
Managing Director

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