

MALLEE BULL COPPER-POLYMETALLIC DRILLING RECOMMENCES

Highlights:

- **4,000m diamond drilling programme targeting down-dip/plunge mineralisation at Mallee Bull now underway.**
- **RAB drilling programme targeting shallow copper-lead-zinc mineralisation continuing.**
- **Fixed-loop (surface) EM geophysical survey targeting prospective volcanic unit scheduled for August.**

Peel Mining Limited (ASX: PEX) is pleased to announce that diamond drilling has now recommenced at the Mallee Bull copper-polymetallic discovery, 100km south of Cobar in NSW. As recently announced, Mallee Bull is subject to an \$8.3m farm-in agreement with CBH Resources Ltd, whereby CBH has the right to earn an interest of up to 50% in the project over a three-year period. Importantly, Peel remains operator during the farm-in period.

Exploration drilling at Mallee Bull will comprise about 4,000m of diamond drilling targeting down-dip/plunge mineralisation and is expected to take approximately 3 months. Drilling completed in late 2011/early 2012 indicates that high-grade copper-dominant polymetallic mineralisation at Mallee Bull has a strike length of at least 120m, comes to within at least ~150m of surface, extends to at least ~310m below surface and is open in multiple directions including at depth. Peel notes that several strongly mineralised intercepts were recorded from deeper drillholes (4MRCDD008/009), and that Cobar-style deposits are typically short in strike length but long in the vertical plane.

As part of the current exploration programme, RAB drilling designed to test for potential oxide or supergene mineralisation is also continuing. As previously reported, several drillholes recently completed returned highly anomalous (as determined by Niton XRF – see note 1) Cu-Pb-Zn-As values with significant intervals sampled and submitted for laboratory testing. Results remain pending.

Additionally, a fixed-loop (surface) EM geophysical survey targeting the prospective Four Mile Volcanics unit that hosts the mineralisation at Mallee Bull is scheduled for commencement in August. This survey will test the strike continuation of the Four Mile Volcanics.

Background on Mallee Bull copper-polymetallic discovery and CBH farm-in

In March/April 2011, Peel began targeting a newly-recognised coincident EM and magnetic geophysical anomaly located within the historic 4-Mile goldfield. The 4-Mile goldfield comprises up to 60 shafts and workings spread over an area covering about 1,000m by 500m.

Initial drilling resulted in the discovery of significant silver-lead-zinc mineralisation. Follow-up drilling completed in July/August 2011 intersected massive sulphides containing strong Cu-Pb-Zn-Ag-Au-Co mineralisation within a broad zone of deformation and alteration.



The Mallee Bull prospect is located less than 10 kilometres east of the May Day gold-silver-lead-zinc deposit (ML1361), where drilling in 2010 confirmed the down-dip continuation of mineralisation to more than 200m below surface.

In May 2012, CBH Resources farmed-in to Mallee Bull with the key terms being:

- Agreement covers EL7461 and ML1361 (including Mallee Bull copper-polymetallic discovery).
- Peel to be responsible for exploration activities (operator).
- Stage 1 of the Farm-in sees CBH earn a 15% interest in the project by making a payment of \$1 million to Peel (within 14 days of the condition precedent being satisfied) as contribution to past expenditure and by contributing \$1.5 million to eligible exploration expenditure within a 12 month period.
- Stage 2 of the Farm-in sees CBH (at its election) earn an additional 15% interest in the project (30% total interest) by contributing a further \$2.5 million to eligible exploration expenditure within a 12 month period.
- Stage 3 of the Farm-in sees CBH (at its election) earn an additional 20% interest in the project (50% total interest) by contributing a further \$3.33 million to eligible exploration expenditure within a 12 month period.
- CBH may elect to form a joint venture at the end of any stage and the parties can then elect to contribute on pro-rata basis or be diluted according to an industry-standard dilution formula.

CBH Resources is an Australian-based mineral resources company producing zinc, lead and silver from the Endeavour Mine north of Cobar. The company, which is 100%-owned by Tokyo Stock Exchange-listed Toho Zinc, is also commissioning the Rasp underground zinc, lead and silver mine at Broken Hill.

For further information, please contact Rob Tyson on +61 420 234 020.

The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Tyson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience which is relevant to the 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Tyson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Note 1: Niton XRF Analyser – The estimates for Cu, Pb and Zn referred to in this announcement are based on an average of multiple readings on crushed/pulverised drill chips. Whilst Peel believes these readings are indicative of grade, the Company wishes to make clear that the Niton XRF results are not formal assays. Significant intervals have been sampled and submitted for laboratory testing.

Table 1 - Mallee Bull RAB drilling details

Hole ID	Northing	Easting	Azimuth	Dip	Depth
MBRAB001	6413390	415416	0	-90	95
MBRAB002	6413388	415440	0	-90	88
MBRAB003	6413387	415479	0	-90	101
MBRAB004	6413393	415512	0	-90	92
MBRAB005	6413432	415488	0	-90	96
MBRAB006	6413431	415516	0	-90	95
MBRAB007	6413347	415514	0	-90	92
MBRAB008	6413347	415472	0	-90	100
MBRAB009	6413343	415441	0	-90	94

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