



Peel Mining Ltd. (ASX: PEX)

Cobar Basin projects underpinned by gold

Some big joint venture partners are backing Peel Mining's low cost Cobar Basin copper-led polymetallic expansion, with gold thrown in as a valuable hedge. *By Mark Mentiplay*

PEEL MINING (ASX: PEX) IS CONFIDENT it has stamped its foot on the best parts of Australia's rich and prolific polymetallic Cobar Basin in New South Wales with two well-backed Joint Ventures.

The company is also hedging its bets with a significant 500,000 ounce gold resource in Western Australia.

Peel Mining caught the attention of the market in January with the release of excellent drilling results from the company's highly promising Joint Venture with Japan Oil, Gas and Metals National Corp (JOGMEC) on the copper-based Superbasin project.

Drilling completed at the beginning of 2016 at the Wirlong prospect intersected multiple significant mineralised intervals, confirming a new and potentially important high-grade copper discovery.

The discovery ignited a good deal of market activity for the company, and provided it with a heightened degree of confidence for further exploration in the region.

"We've put our foot on what we consider to be the best parts of the Cobar Basin polymetallic province,"

Peel Mining managing director Rob Tyson told *The Resources Roadhouse*.

"It's a good historical mining environment and an easy place to explore.

"We consider the prize we are looking for is something like a CSA Mine."

Tyson's reference is to Glencore's 50 million tonnes grading 3 per cent copper CSA mine, which lines up with CBH Resources' Endeavour zinc-lead-silver operation, with pre-mined ore resources of about 45 million tonnes grading 14 per cent lead-zinc, and the Peak mine of Newgold, which boasts pre-mined ore resources of about 10 million tonnes at 7 grams per tonne gold.

Housing such luminescent neighbours speaks volumes for the Cobar region's history of turning up high-grade mineral deposits and long-life mines.

"We completed more than 30 kilometres of drilling in the Cobar Basin between our 2014 and 2015 annual general meetings, and believe that while the drill bit is spinning, the dice are rolling on the table and

you give yourself every chance of success," Tyson said.

Although the Wirlong discovery did return Peel to investment community radar screens, it is still the company's Mallee Bull copper-polymetallic project the remains its flagship.

"Mallee Bull ticks all the boxes – it's a real copper system," Tyson enthused.

Discovered in 2011, the 50/50 Mallee Bull JV with CBH has a resource of about 4 million tonnes grading just under 3 per cent copper equivalent (2.3% copper, 32g/t silver and 0.3g/t gold) for 90,000 tonnes of copper, 4 million ounces of silver and 43,000 ounces of gold using a 1 per cent copper equivalent cut-off, and open along strike and at depth.

Drilling has shown Mallee Bull, centred on 80 square kilometres within EL 7461, "is a major discovery for the area," Tyson said.

About 7,000 metres of drilling on multiple extension targets is planned to commence from July this year, in an effort to continue to grow Mallee Bull following on from last year's successful.



In addition to Mallee Bull, investigations have been continuing at the 2,700 square kilometre Peel-operated Cobar Superbasin project, in which JOGMEC is earning up to 50 per cent by funding up to \$7 million of exploration, where the focus has been on the encouraging Wirlong discovery.

Wirlong displays all the characteristics of a Cobar-style discovery—geology, mineralisation and alteration, with very little previous exploration.

Recent drilling results have yielded up to 9 metres at 8 per cent copper including around 3m at 20 per cent-plus copper.

The better results from this hole included:

- » 9m at 8 per cent copper, 17g/t silver, 0.21g/t gold from 616m, including 2.82m at 21.85 per cent copper, 46g/t silver and 0.62g/t gold from 619.68m;
- » 38m at 1.18 per cent copper and 4g/t silver from 450m;
- » 6m at 1.23 per cent copper and 5g/t silver from 430m; and
- » 4m at 1.14 per cent copper and 3g/t silver from 643m.

Another hole returned multiple mineralised intercepts including:

- » 4.9m at 4.3 per cent copper and 13g/t silver from 402.1m, including 0.9m at 19.5 per cent copper and 58g/t silver from 402.1m;
- » 22m at 1 per cent copper and 4g/t silver from 332m;
- » 3m at 2.1 per cent copper and 6g/t silver from 451m; and
- » 2m at 1.8 per cent copper, 13g/t silver and 1.63 per cent zinc from 524m.

Peel has just completed a follow-up reverse circulation and diamond drilling program of approximately 4,000 metres at Wirlong with results eagerly awaited.

“Wirlong has produced the most significant copper drill results out of the Cobar Basin proper since we

discovered Mallee Bull in 2011, so we think it bodes pretty well,” Tyson continued.

“The Cobar-style targets are generally quite deep and pipe-like.

“The prize here is the high-grade, high-quality copper mineralisation.”

Mineralisation from the two high-grade discovery holes occurs as sulphide disseminations, veins and veinlets, breccia, and massive sulphides.

The true width of mineralisation remains unknown at this stage, however, it is thought to be sub-vertical in geometry.

Peel’s focus is on what it considers to be an obvious alteration zone outcropping as a topographic high, a ridge line that the joint venture is drilling along.

The ridge line, with old copper workings along it, is sheared and bleeding anomalous copper and lead geochemistry out of it.

At the end of the current follow-up drilling, JOGMEC will likely have completed its stage-one earn-in—\$4 million for 40 per cent of the Cobar Superbasin project.

On completion of the initial stage earn-in, expected at the end of June this year, JOGMEC then has the right to go to 50 per cent by spending another \$3 million.

Tyson says the two Cobar projects take up about 90 per cent of the company’s time and effort, but it is actively pursuing its 505,000 ounce Apollo Hill gold project, 50km south east of Leonora.

Peel recently completed 1,800m of RC drilling at the project to determine whether there is a reasonable chance of upgrading the outcropping gold system that has a current inferred resource of 17 million tonnes at 0.9g/t gold.

High-grade results of 8m at 6.39g/t gold from 71m, and 10m at 4.23g/t gold from 94m have been returned indicating drilling appears to have extended the Apollo Hill strike by up



to 250m to the south east, boding well for a potential resource upgrade.

“Even though Apollo Hill is quite low grade, it does occur at surface and is a fairly large system as it is,” Tyson explained.

“We hope we can push that resource from 505,000 ounces towards one million ounces.”

“There are processing mills nearby, including one at Gwalia but, depending on how the gold price goes, Apollo Hill’s grade may not be robust enough to justify the 70 to 80 kilometre truck haul required.

“We’re really looking at it as a stand-alone venture and getting it to a critical mass, based on a low strip ratio and low operating cost development.”

The Short Story

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Point Nominees Pty Ltd	11.64%
William Hodgson & Associated Companies	10.5%
Rob Tyson	5.3%