



Peel Mining (ASX: PEX)

Peel Mining drilling again in Cobar hotspot

When you're a junior exploration play seeking that elusive company-making deposit it pays to have the right geology, but the location can be just as important in getting a discovery over the line.

By Stephen Bell

PERTH-BASED PEEL MINING (ASX: PEX) looks to have both sides of the equation covered at the company's two Cobar Superbasin prospects located in New South Wales.

The first being the promising Wirlong copper discovery and second its high-grade Mallee Bull copper-polymetallic deposit.

Follow-up drilling at Wirlong, funded by Peel's farm-in partner, Japan Oil, Gas and Metals National Corporation, or JOGMEC, recommenced this month, setting the stage for the release of the eagerly-anticipated assays in June.

"At the end of last year we intersected nine metres of eight per cent copper, which included just under three metres at 20 per cent copper," Peel Mining managing director Rob Tyson told The Resources Roadhouse.

"In the Cobar Basin proper, Wirlong is probably the most significant copper drill results out of the area since we discovered Mallee Bull four years ago, so we think it bodes pretty well."

The location of the find also augurs well for tracking down a meaningful discovery as the Cobar region has a history of turning up high-grade mineral deposits and long-life mines.

These include CBH Resources' Endeavour zinc-lead-silver operation, with pre-mined ore resources of about 45 million tonnes grading 14 per cent lead/zincZn, Glencore's CSA (about 50Mt grading 3 per cent copper) and Newgold's Peak mine (about 10Mt grading 7 grams per tonne gold).

Moreover, the Cobar district boasts excellent infrastructure and is



populated by a supportive and skilled mining community.

So the Cobar locals will likely be watching the Wirlong drill results just as closely, if not more so, than the broader Australian investment community.

"We're back there and have commenced an approximate 5000-metre drill program," Tyson said.

"It is combination reverse circulation (RC) and diamond - we are trying to go as deep as we can with RC drilling and have quite a powerful drill rig on site to see if we can get to 500 metres-plus deep.

"The Cobar-style targets are generally quite deep and pipe-like and the prize is the high-grade, high-quality copper mineralisation.

"We've probably got about four weeks of drilling to complete the program."

The work is following up two drill

holes from late 2015 that intersected multiple substantial mineralised intervals at Wirlong, targeting the extensive copper and lead soil geochemical anomalies near old copper workings.

The mineralisation intersected to date has the typical geochemical, geological and mineral alteration assemblages of 'Cobar-style' deposits Peel is looking for.

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

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

Wirlong is a large prospect covering more than 2.5km in strike, comprising a package of intercalated, sheared and altered felsic volcanic rocks and sediments.

It is defined by the historic workings, a 2km-plus multi-element surface geochemical anomaly along strike, and coincident or semi-coincident geophysical anomalies.

"Wirlong is a really interesting target," Tyson said.

"It is a really obvious alteration zone and outcrops as a topographic high, it is a bit of a ridge line that we are essentially drilling along.

"This ridge line is sheared and bleeding anomalous copper and lead geochemistry out of it; there are old copper workings along the ridge; and there is a strong magnetic anomaly associated with the area of interest.

"Basically it ticks a lot of boxes."

At the end of the current follow-up drilling, JOGMEC will likely

have completed its Stage-One earn-in: the expenditure of \$4 million to earn a 40 per cent interest in the Cobar Superbasin project, which comprises 15 tenements covering more than 3,000 square kilometres.

"I anticipate that, by the end of June, they'll have completed that initial stage," Tyson said.

"JOGMEC then have the right to go to a 50 per cent share by spending another \$3 million.

"We are optimistic that they may trigger Stage-Two quite rapidly after, hopefully, some positive results out of this follow-up drilling."

The near-term intensive effort at Wirlong doesn't mean that Peel's other promising Cobar prospect, Mallee Bull, has fallen off the radar.

A 50/50 joint venture between Peel and CBH Resources, Mallee Bull is to the south of Wirlong and boasts a resource of about 4 million tonnes grading 3 per cent copper.

"That is a major discovery for the area – it is quite a large system," Tyson said.

"So we are looking to go back and commence some work there from mid-year.

"We expect to have a meaningful budget, probably about \$1 million on a combined basis, for the back half of the year which, timing-wise, should work pretty well.

"We'll finish off the drilling at Wirlong over the next month and then, after a short pause, start gearing up to go back to Mallee Bull come July/August."

"Most of the work will likely be directed towards finding additional mineralisation in order to bulk up the existing resource."

Understandably, the two Cobar projects are Peel's main focus at present, probably taking up about 80 per cent of the company's time and effort.

But the company is still optimistic of working up a big gold resource in Western Australia at Apollo Hill.

Located about 50km south east of Leonora, Apollo Hill consists of a large, near-surface gold system, albeit at relatively modest grades.

Peel has just completed 1800 metres of RC drilling at the project to determine whether there is a reasonable chance of upgrading the current resource, which stands at 17 million tonnes grading 0.9 grams per tonne gold.

High grade results of 8m at 6.39g/t gold from 71m and 10m at 4.23g/t gold from 94m were returned indicating that this new drilling appears to have extended the strike of Apollo Hill by up to 250m further to the southeast, which bodes well for a potential upgrade to the existing resource.

"Even though Apollo Hill is quite low grade, it does occur at surface and is a fairly large system as it is - 505,000 ounces," Tyson said.

"We are hoping that we can push it towards one million ounces.

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

"We're really looking at it as a stand-alone venture," Tyson explained.

"Getting it to a critical mass, based on a low strip ratio, low operating cost development."

So, between Western Australian gold and copper in a New South Wales hot spot, Peel looks to have plenty of action ahead to whet the market's new-found appetite for exploration stories. 🏠



The Short Story

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