

Peel Mining Limited

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About Peel Mining Limited:

- The Company's six 100%-owned projects cover approximately 500 km² of highly prospective tenure in NSW and WA.
- Mallee Bull Cobar-style discovery at May Day/Gilgunnia project offers exciting exploration potential.
- The Apollo Hill gold project is a major, protruding, shear-hosted, gold mineralised system that remains open down dip and along strike.
- Ruby Silver project contains several historic high-grade silver mines with minimal modern exploration.
- Attunga Tungsten Deposit – a high grade tungsten deposit located near excellent infrastructure.
- 110 million shares on issue.
- \$13 Market Cap at 30 January 2012.

Highlights for December quarter 2011

- **Mallee Bull (previously 4-Mile) Cobar-style greenfields discovery:**
 - 5,000m follow-up RC/diamond drilling commenced November 2011.
 - Initial results return high-grade copper-dominant polymetallic mineralisation from multiple drillholes, better assays include:
 - 4MRC015 – 6m @ 3.23% CuEq* (2.00% Cu, 64 g/t Ag, 0.43 g/t Au, 0.52% Pb, 0.22% Zn, 0.02% Co) from 208m;
 - 4MRC016 – 11m @ 3.33% CuEq (2.71% Cu, 36 g/t Ag, 0.26 g/t Au, 0.11% Pb, 0.07% Zn, 0.03% Co) from 233m; and
 - 4MRC019 – 10m @ 3.63% CuEq (2.66% Cu, 41 g/t Ag, 0.51 g/t Au, 0.42% Pb, 0.22% Zn, 0.03% Co) from 237m.
 - Strike length of mineralisation extended to at least 120m and open in multiple directions.
 - Further assay results pending.
- **Rise & Shine Gold project granted.**
- **Rights issue for \$2.6 million completed with strong demand for shortfall.**

Plans for March quarter 2012

- **Follow-up drilling and exploration at Mallee Bull.**
- **Initial drill programme at Ruby Silver.**
- **Metallurgy/scoping study at Apollo Hill.**

* CuEq = Copper Equivalent (see page 6 for details regarding calculation).

Exploration

May Day/Gilgunnia Project: Copper, Silver, Gold, Lead, Zinc; Western NSW (PEX 100%).

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

Mallee Bull (previously known as 4-Mile) Cobar-style polymetallic discovery

The Mallee Bull prospect, identified in early 2011 as a coincident electro-magnetic and magnetic geophysical anomaly, is located within the historic 4-Mile goldfield. Multiple phases of exploratory drilling culminated in the discovery of high-grade Cobar-style mineralisation in August 2011.

In late November 2011, Peel commenced a follow-up 5,000m RC/diamond drilling programme designed to test along strike and down dip of previously intersected mineralisation. Drilling is being carried out on an approximate 40m by 40m grid pattern and comprises a series of RC and RC pre-collar/diamond tail drillholes.

Multiple drillholes completed to date have intersected zones of polymetallic mineralisation comprising intervals of massive sulphide and/or stringer mineralisation, including visible chalcopyrite, sphalerite and galena with accessory sulphide minerals including pyrrhotite, pyrite, and arsenopyrite. See Table 1 for drill assay results released to date.

Drilling to date indicates that high-grade copper-dominant polymetallic mineralisation at Mallee Bull has a strike length of at least 120m, comes to within at least 160m of surface and is open in multiple directions including, importantly, at depth. Peel notes that results from the majority of planned deeper drillholes remain outstanding, and that Cobar-style deposits are typically short in strike length but long in the vertical plane.

Mineralisation at Mallee Bull occurs within a package of sheared and brecciated volcanoclastic sediments comprising siltstones and mudstones and is interpreted as occurring as a shoot-like structure dipping moderately to the west and plunging to south. Drill intercepts are construed as being close to true.

The Mallee Bull prospect is interpreted to be positioned in a favourable geological and structural position, sited on the “nose” of an anticline – a suitable high-stress environment - and occurring in a geological unit interpreted to be age equivalent of the Chesney and Great Cobar Slate Formations found in the immediate Cobar region.

Results to date show Mallee Bull to be a highly promising exploration target in a world-class mineral province. Peel is highly encouraged and increasingly confident in the discovery following confirmation of Cobar-style polymetallic mineralisation at Mallee Bull. These results confirm that the Mallee Bull prospect is host to high-grade copper-dominant polymetallic mineralisation similar to that found at other major deposits located in the Cobar district.

Figure 1 – Cross Section 6413310N

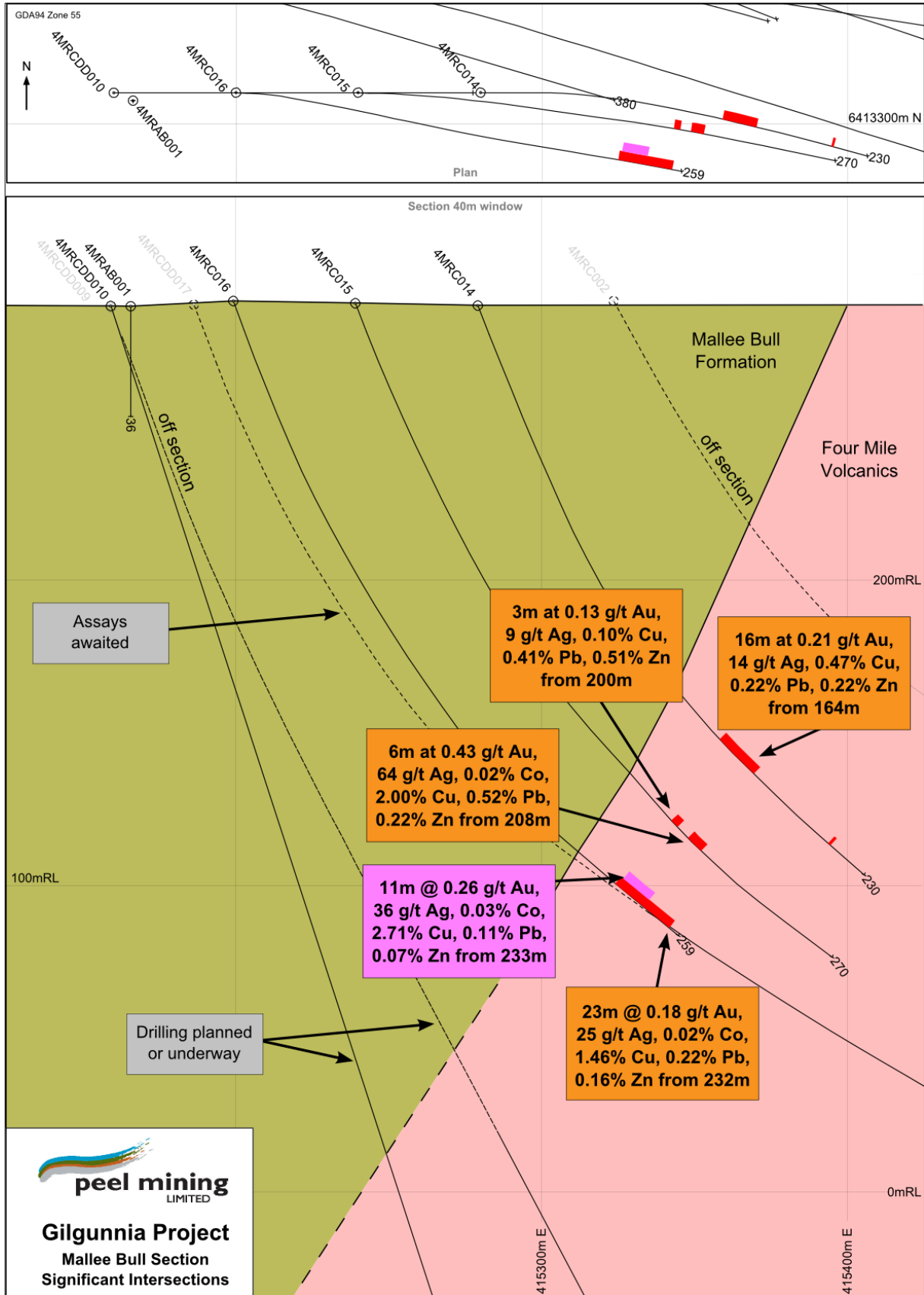
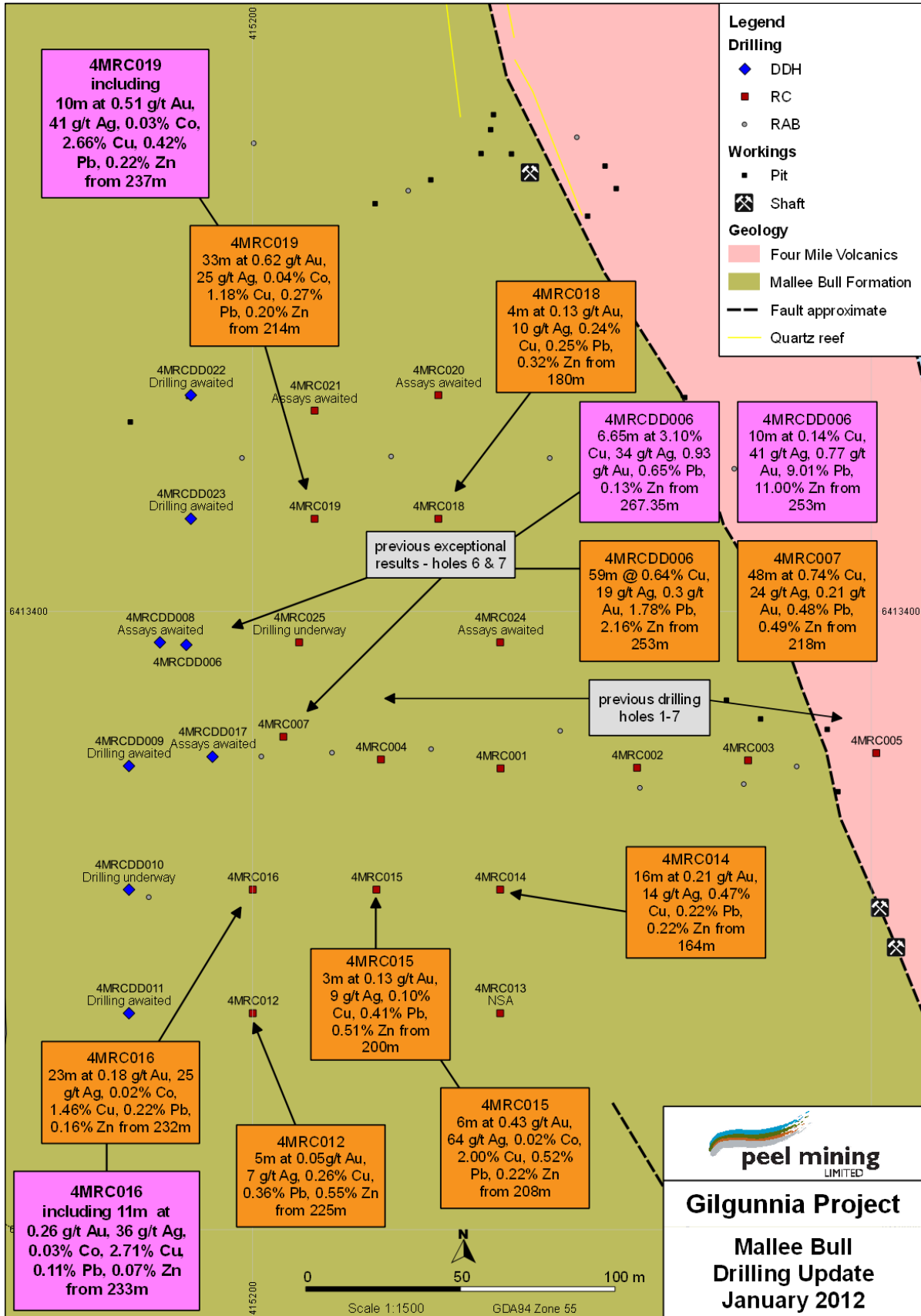


Figure 2 – Drill location and geology plan



3D Magnetic Inversion Modelling

During the quarter, 3D inversion modelling was performed on the total magnetic intensity (TMI) data collected during the VTEM survey of the 4-Mile area in late 2010. As a result, a 3D volume of the anomalous susceptibility was calculated. Interpretation of the data shows a large magnetic feature located about 1 km north of Mallee Bull. This feature, named the Butcher's Dog prospect, is assumed to be positioned under the axial plane of the 4-Mile anticline, with its core (susceptibility 4×10^{-3} SI) interpreted to be 500-1000m below surface. The top of the magnetic source is interpreted to be between 300-500m below surface.

Intriguingly, the modelling also shows the magnetic anomaly associated with the Mallee Bull prospect as a horn-like feature extending out of the core of the Butcher's Dog magnetic anomaly. Accordingly, Peel plans to complete a single vertical drillhole during this round of drilling to investigate the Butcher's Dog anomaly.

Figure 3 – Long section (from the west) of 3×10^{-3} SI, showing Mallee Bull conductor plate

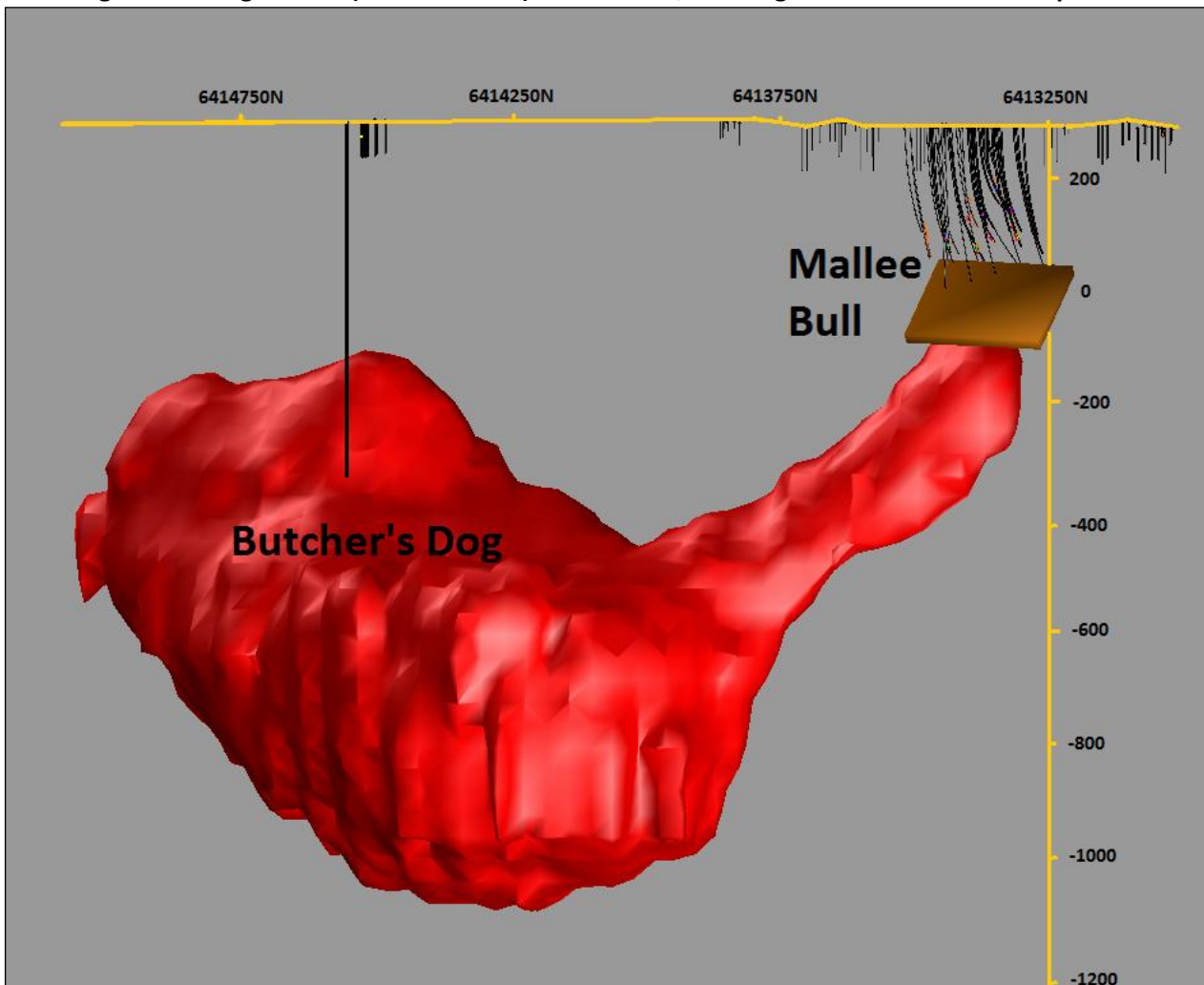


Table 1 – Significant Drill Assay Results

| Hole ID | Northing | Easting | Azi | Dip | Final Depth (m) | From (m) | To (m) | Width (m) | Cu (%) | Ag (g/t) | Au (g/t) | Pb (%) | Zn (%) | Co (ppm) | CuEq* % | Comment |
|-----------|----------|---------|-----|-----|-----------------|----------|--------|-----------|--------|----------|----------|--------|--------|----------|---------|-------------------|
| 4MRCDD008 | 6413390 | 415170 | 090 | -72 | 399.7 | | | | | | | | | | | Assays awaited |
| 4MRCDD009 | 6413350 | 415160 | 090 | -70 | - | | | | | | | | | | | Assays awaited |
| 4MRCDD010 | 6413310 | 415160 | 090 | -70 | - | | | | | | | | | | | Assays awaited |
| 4MRCDD011 | 6413270 | 415160 | 090 | -70 | - | | | | | | | | | | | Assays awaited |
| 4MRC012 | 6413270 | 415200 | 090 | -70 | 274 | 225 | 230 | 5 | 0.26 | 7 | 0.05 | 0.36 | 0.55 | - | 0.60 | |
| and | | | | | | 233 | 234 | 1 | 0.5 | 5 | 0.08 | - | - | - | 0.61 | |
| 4MRC013 | 6413270 | 415280 | 090 | -70 | 229 | | | | | | | | | | | NSA |
| 4MRC014 | 6413310 | 415280 | 090 | -70 | 230 | 164 | 180 | 16 | 0.47 | 14 | 0.21 | 0.22 | 0.22 | - | 0.88 | |
| and | | | | | | 214 | 215 | 1 | - | - | 3.05 | - | - | - | 1.90 | |
| 4MRC015 | 6413310 | 415240 | 090 | -70 | 270 | 200 | 203 | 3 | 0.10 | 9 | 0.13 | 0.41 | 0.51 | - | 0.52 | |
| and | | | | | | 208 | 214 | 6 | 2.01 | 64 | 0.43 | 0.52 | 0.22 | 201 | 3.23 | |
| 4MRC016 | 6413310 | 415200 | 090 | -70 | 259 | 232 | 255 | 23 | 1.46 | 25 | 0.18 | 0.22 | 0.16 | 181 | 1.97 | |
| including | | | | | | 233 | 244 | 11 | 2.71 | 36 | 0.26 | 0.11 | - | 274 | 3.33 | |
| 4MRCDD017 | 6413350 | 415188 | 090 | -70 | 390.9 | | | | | | | | | | | Assays awaited |
| 4MRC018 | 6413430 | 415260 | 090 | -70 | 244 | 180 | 184 | 4 | 0.24 | 10 | 0.13 | 0.25 | 0.32 | - | 0.58 | |
| and | | | | | | 207 | 208 | 1 | 0.13 | 20 | 0.15 | 0.63 | 1.02 | - | 0.88 | |
| and | | | | | | 210 | 211 | 1 | 1.43 | 33 | 0.52 | 0.44 | 0.93 | - | 2.49 | |
| 4MRC019 | 6413430 | 415220 | 090 | -70 | 256 | 214 | 247 | 33 | 1.18 | 25 | 0.62 | 0.27 | 0.20 | 381 | 1.99 | |
| including | | | | | | 215 | 232 | 17 | 0.68 | 21 | 0.87 | 0.19 | 0.22 | 562 | 1.58 | |
| and | | | | | | 237 | 247 | 10 | 2.66 | 41 | 0.51 | 0.42 | 0.22 | 253 | 3.63 | |
| 4MRC020 | 6413470 | 415260 | 090 | -70 | 250 | | | | | | | | | | | Assays awaited |
| 4MRC021 | 6413470 | 415220 | 090 | -70 | 270 | | | | | | | | | | | Assays awaited |
| 4MRCDD022 | 6413470 | 415180 | 090 | -70 | - | | | | | | | | | | | Drilling underway |
| 4MRCDD023 | 6413430 | 415180 | 090 | -70 | - | | | | | | | | | | | Assays awaited |
| 4MRC024 | 6413390 | 415280 | 090 | -70 | 238 | | | | | | | | | | | Assays awaited |
| 4MRCDD025 | 6413390 | 415215 | 090 | -70 | - | | | | | | | | | | | Assays awaited |

Information regarding drilling/assaying data

1. Drilling was completed using a RC face sampling hammer or HQ/NQ diamond core.
2. Sample recoveries were considered adequate for all samples.
3. Drillcore has been, or is still to be, logged in detail based on lithology, mineralisation, and alteration.
4. Samples for analysis were collected by cone splitter sampling, hand spearing or by sawing core in half.
5. Samples were submitted as 4m composite chip samples, 1m chip samples or 1m half-core intervals unless a geological contact was used.
6. Samples were analysed at ALS Chemex utilising methods: Au-AA25 for Au (fire assay); ME-ICP61 for multi-element including Ag, Cu, Pb, Zn; Ag-OG62 for >100 g/t Ag; Cu-OG62 for >1% Cu; Pb-OG62 for >1% Pb; and Zn-OG62 for >1% Zn.
7. Drillhole collars were surveyed by DGPS.
8. Downhole gyroscopic surveys are being run continuously.

*** Copper Equivalent Calculation Explanation:**

The copper equivalent (CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result, nor metallurgical flowsheet considerations. The copper equivalent calculation is intended as an indicative value only. Copper equivalent conversion factors and long-term price assumptions used follow:

$$\text{Copper Equivalent Formula (CuEq)} = \text{Cu\%} + \text{Ag(ppm)} \times 0.012 + \text{Au(ppm)} \times 0.625 + \text{Pb(\%)} \times 0.25 + \text{Zn(\%)} \times 0.25$$

Price Assumptions- Cu (US\$8,000/t), Ag (US\$30/oz), Au (US\$1,500/oz), Pb (US\$2,000/t), Zn (US\$2,000/t)

Apollo Hill Project: Gold; Northeastern Goldfields WA (PEX 100%).

Targets: Archaean gold deposits.

During the previous quarter, Peel completed an updated resource estimate at Apollo Hill. The updated resource estimate – which was estimated by Hellman and Schofield Pty Ltd (H&S) and incorporates the results of a programme of RC and diamond drilling undertaken by Peel – highlights the potential of the Apollo Hill Project for future economic extraction. The updated resource estimate at a range of gold cut-off grades is shown in Table 2:

Table 2: Apollo Hill Inferred Resource estimates to 180 metres depth (190mRL)

| Cut Off | Ra | | | Apollo Hill | | | Total | | |
|------------|------------|------------|-----------|-------------|------------|------------|-------------|------------|------------|
| | Au g/t | Mt | koz | Mt | Au g/t | koz | Mt | Au g/t | koz |
| 0.2 | 2.4 | 0.7 | 54 | 43 | 0.5 | 691 | 45.4 | 0.5 | 745 |
| 0.4 | 1.5 | 1.0 | 48 | 22 | 0.8 | 566 | 23.5 | 0.8 | 614 |
| 0.5 | 1.2 | 1.1 | 42 | 16 | 0.9 | 463 | 17.2 | 0.9 | 505 |
| 0.6 | 1.0 | 1.2 | 39 | 12 | 1.0 | 386 | 13.0 | 1.0 | 424 |
| 0.8 | 0.7 | 1.4 | 32 | 7 | 1.2 | 270 | 7.7 | 1.2 | 302 |
| 1.0 | 0.5 | 1.6 | 26 | 4 | 1.4 | 180 | 4.5 | 1.4 | 206 |
| 1.2 | 0.4 | 1.8 | 23 | 2 | 1.6 | 103 | 2.4 | 1.6 | 126 |

Note: The significant figures in Table 1 reflect the precision of estimates and include rounding errors.

At the time of reporting, follow-up metallurgical testwork was underway and a preliminary in-house scoping study was planned.

Ruby Silver Project: Silver, Gold; Northeastern NSW (PEX 100%).

Targets: Silver mineralisation associated with fracture-fill quartz-carbonate veining.

Planning has been completed for an initial drill programme aimed at testing previously identified IP chargeability anomalies. The timing of this drilling has been affected by heavy rainfall in the region, however is currently planned to commence mid-February 2012, weather permitting.

Attunga Project: Gold, Tungsten, Molybdenum, Copper; Northeastern NSW (PEX 100%).

Targets: Intrusive-Related Gold System and/or Orogenic gold mineralisation; skarn style tungsten-molybdenum mineralisation and skarn-style precious/base metals mineralisation.

No fieldwork was undertaken during the quarter.

Yerranderie: Silver, Lead, Gold; Central NSW (PEX 100%).

Targets: Silver-lead-gold mineralisation in surface waste and tailings dumps.

No fieldwork was undertaken during the quarter.

Rise & Shine: Gold; Central Otago New Zealand (PEX 100%)

Targets: Orogenic gold mineralisation.

During the December quarter, Peel announced that it had been awarded EP 53088 and EP 53111 covering the Rise & Shine gold project. The Rise & Shine gold project, located about 20km northeast of Cromwell in Central Otago, New Zealand, hosts multiple historic gold workings with historic production estimated at more than 180,000 ounces gold.

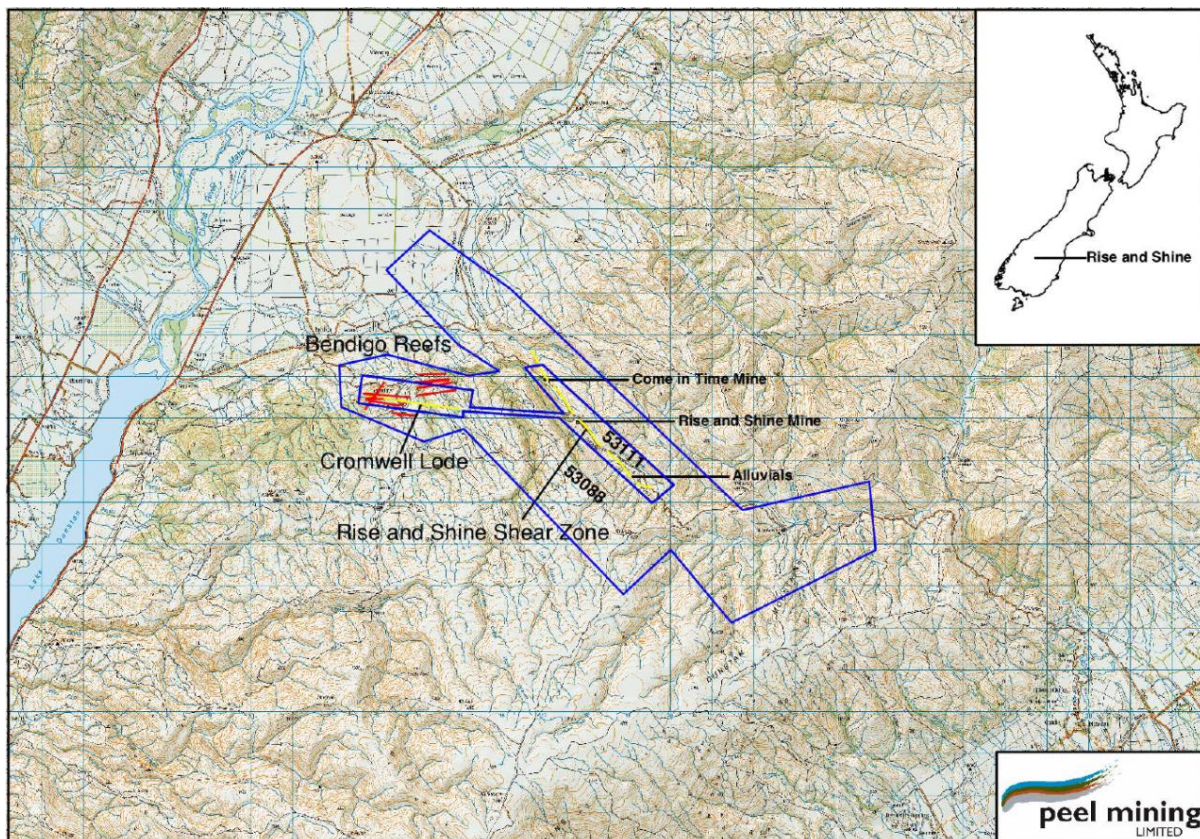


Figure 4 – Rise & Shine gold project location

EP 53111 was the subject of a competitive permit allocation process (NAA) initiated in late 2010 and encompasses the Rise & Shine Shear Zone and the historic Bendigo goldfield, whilst EP 53088 provides a regional exploration buffer surrounding EP 53111. Gold mineralisation is known to be associated within the Rise & Shine Shear Zone, with multiple lode and alluvial gold workings occurring over a strike length of at least 4 km. The historic Bendigo “reefs” comprise a series of sub-vertical lodes with workings up to 130m below surface.

The Rise & Shine Shear Zone appears to be structurally similar to the Macraes Shear Zone, host to the multi-million ounce Macraes gold mine. The Rise & Shine Shear Zone represents a gold mineralised low-angle deformation zone formed in a compressional environment and comprises a zone of hydrothermally altered schist. Alteration comprises variable silicification, sericitisation, chloritisation and widespread carbonate alteration. The shear is about 50m thick and is traceable for at least 7 km, strikes 140 degrees, and dips to the northeast.

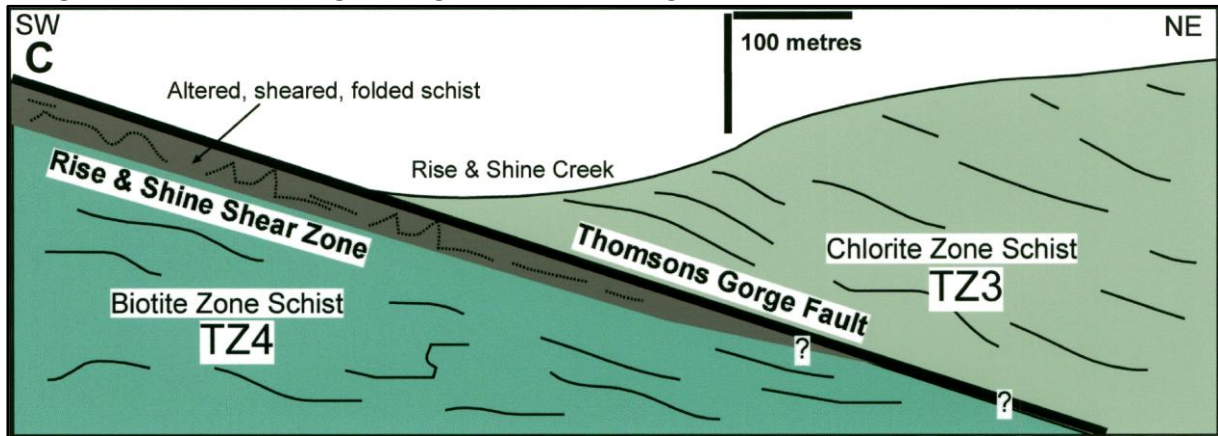
Substantial amounts of exploration have previously been completed at Rise & Shine however the majority of work has been directed at historic workings sited at the base of the Rise & Shine Creek Valley. Peel believes that the Rise & Shine Shear Zone could possibly be “flatter” than previously assumed offering potential for large-tonnage, low-grade grade gold deposits extending up-dip from previously defined mineralisation. To that end, Peel plans to complete a programme of RC drilling aimed at testing this model.

Background on Rise & Shine Shear Zone and Bendigo goldfield

The Rise and Shine Shear Zone contains three prospects: Alluvials; Rise and Shine mine; and Come in Time mine. These are inferred to represent mineralised “shoots” possibly similar to the shoots at the

Macraes goldfield. Potential mineralisation in the permit area comprises the possible up-dip extension of the Rise and Shine Shear Zone, along with potential for higher grade lenses of mineralisation down plunge within the shoots, similar to the higher grade lenses within the Macraes Shear Zone.

Figure 5: Section showing lithologies and intervening structures at the Rise&Shine Shear Zone.



Better results from RC drilling along the Rise & Shine Shear Zone by the most recent tenement holder (2005-2010) included:

| Hole | From (m) | To (m) | Interval (m) | Gold (g/t) |
|-------|----------|--------|--------------|------------|
| RCB19 | 37 | 42 | 5 | 2.76 |
| RCB23 | 25 | 34 | 9 | 1.90 |
| RCB24 | 56 | 64 | 8 | 2.03 |
| RCB25 | 22 | 33 | 11 | 1.25 |
| RCB26 | 16 | 34 | 18 | 0.85 |
| RCB29 | 27 | 42 | 15 | 1.09 |
| RCB31 | 39 | 57 | 18 | 1.58 |
| RCB33 | 52 | 53 | 1 | 28.2 |
| RCB37 | 31 | 34 | 3 | 8.98 |
| RCB41 | 19 | 29 | 10 | 1.14 |

The bulk of the hard rock gold production came from the Bendigo goldfield. The Bendigo reefs comprise sub vertical lodes in psammitic or semi-psammitic schist. The geological relationship of the Bendigo Reefs to the Rise and Shine Shear Zone is uncertain. These lodes comprise a swarm of E-trending, narrow, vertical to sub-vertical shears composed of crushed schist, quartz veins, stringers, and puggy clay.

The reefs at the Bendigo Goldfield were mined from 1865 to 1913 and sporadically through to 1942. Historic gold production was at least 180,000 oz, of which about 150,000 oz was produced from the Cromwell Lode.

The Cromwell Lode was mined over a strike of 400m, and is reported to have been traced for another 1200m to the east. Thickness ranged from 0.6 – 1.8m, averaging 0.9m with an average grade of about 10 g/t gold. BHP concluded that a deep diamond drilling programme was required to assess gold potential beneath the worked lodes. Minimal modern exploration has been completed.

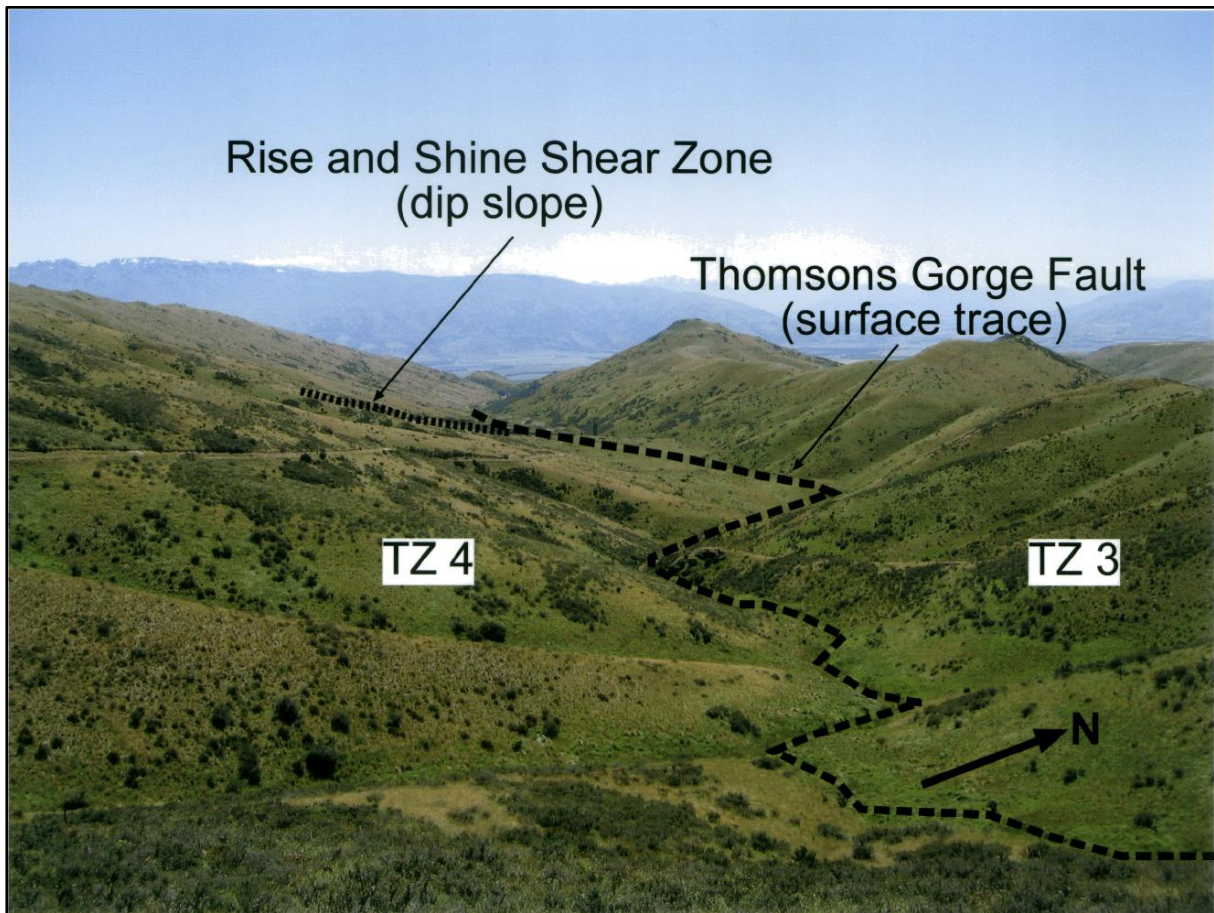


Figure 6: Looking NW along Rise and Shine Creek. The shear zone crops out on a gently dipping hillside that slopes 10-15 degrees NE parallel to the pervasive foliation. The shear zone is truncated above by the Thomsons Gorge Fault.

For further information, please contact Managing Director Rob Tyson on mobile 0420 234 020.

Competent Persons Statements

The information in this report that relates to the validity/quality of the Apollo Hill sampling database and Apollo Hill exploration results, densities, cut off grades, potential for eventual economic extraction and comments on the resource estimates and project background is based on information compiled by Rob Tyson, who is a Member of The Australasian Institute of Mining and Metallurgy. Rob Tyson is a full-time employee of the company 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Rob Tyson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mineral resource estimation for Apollo Hill is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Hellman & Schofield was not required to review the quality or validity of the sampling data, as Peel Mining are accepting responsibility for these aspects of the estimates. Mr Abbott 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 Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.