

PEEL STRENGTHENS POSITION IN COBAR DISTRICT

Highlights:

- **12-month option-to-purchase Wirchilleba Station secured (Mallee Bull discovery footprint).**
- **New 300 km² ELA centered on exciting Mundoe prospect, 50 km south of Mallee Bull.**
- **Mundoe prospect comprises 2km long multi-element geochemical anomaly, coincident geophysical anomalies, and strong historic drill results including:**
 - **3m @ 2.90% Zn, 0.87% Zn, 30 g/t Ag and 0.4 g/t Au from 88m in MUD-1;**
 - **6m @ 1.66% Cu, 103 g/t Ag from 111m in MURP-2;**
 - **3m @ 122 /t Ag, 0.3 g/t Au from 42m and 6m @ 0.42% Cu, 14 g/t Ag from 69m in MURP-3;**
 - **12m @ 1.09% Cu and 60 g/t Ag in MURP-4.**
- **Follow-up drilling in 2005 appears to have failed to adequately test previous mineralisation.**

Perth-based explorer Peel Mining Limited (ASX: PEX) is pleased to report the strengthening of the company's position in the Cobar mineral district. Peel has recently secured a 12-month option-to-purchase agreement over portions of Wirchilleba Station, which includes the immediate footprint of the Mallee Bull copper-polymetallic discovery. This option will help to provide Peel with security of tenure and land access as exploration at Mallee Bull progresses.

Peel is also pleased to report the pegging of a new Exploration Licence Application (ELA) in close proximity to Mallee Bull. Located about 90 km west of Condoblin in NSW, ELA4493 covers about 300 km² of the Rast Trough region, the Southern extension of the Cobar Superbasin, and is centred on the Mundoe prospect, which is defined by a 2km long multi-element geochemical anomaly, coincident geophysical anomalies, and encouraging historic drill results.

Mundoe was first identified in the 1970s as a "bulls-eye" magnetic anomaly. Follow-up exploration in early 1980s included geological mapping, RAB drilling, IP and gravity geophysical surveys, and a single diamond drillhole where a best result of **3m @ 2.90% Zn, 0.87% Zn, 30 g/t Ag and 0.4 g/t Au from 88m** was returned.

Exploration in the 1990s culminated in the discovery of strong copper-silver mineralisation in three separate drillholes covering 400m strike. Better results from this drilling included:

- **6m @ 1.66% Cu, 103 g/t Ag from 111m in MURP-2;**
- **3m @ 122 /t Ag, 0.3 g/t Au from 42m and 6m @ 0.42% Cu, 14 g/t Ag from 69m in MURP-3;**
- **12m @ 1.09% Cu, 60 g/t Ag in MURP-4.**

A small follow-up drilling programme in 2005 failed to return mineralisation. However, a data review by Peel indicates that mineralisation is likely to be dipping to the east presenting a significant possibility that this drilling (drilled from west to east) inadequately tested the previously intersected mineralisation. Accordingly, Peel has commenced exploration planning in anticipation of the granting of the Mundoe licence.

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

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This geological map of the Euabalong West area in New South Wales, Australia, displays a complex arrangement of geological units. The units are color-coded and labeled with codes such as Ds (purple), Qc (yellow), Sgs (green), Czs (orange), and Os (pink). Key locations marked on the map include Cobar, Peak Gold, Mount Sappo, Nymagee, Hefa, Gilgunnia, Mallee Bults, Mineral Hill, Mount Hope, and Mundoo. A scale bar at the bottom left indicates a distance of 40 km. An inset map in the bottom right corner shows the location of the study area within Australia.

Figure 2 – Drill location and geology plan

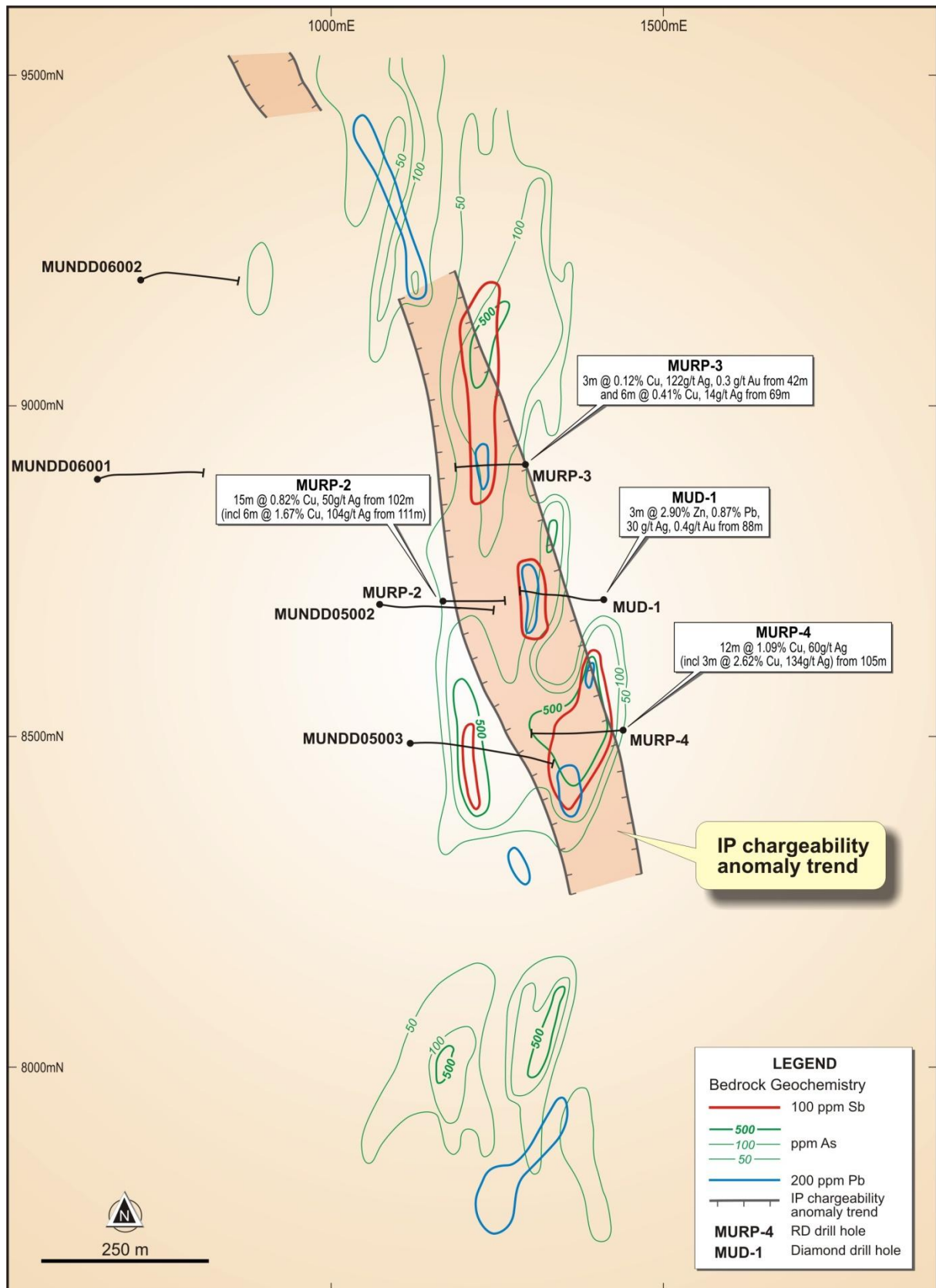


Figure 3 – Cross Section 8700mN

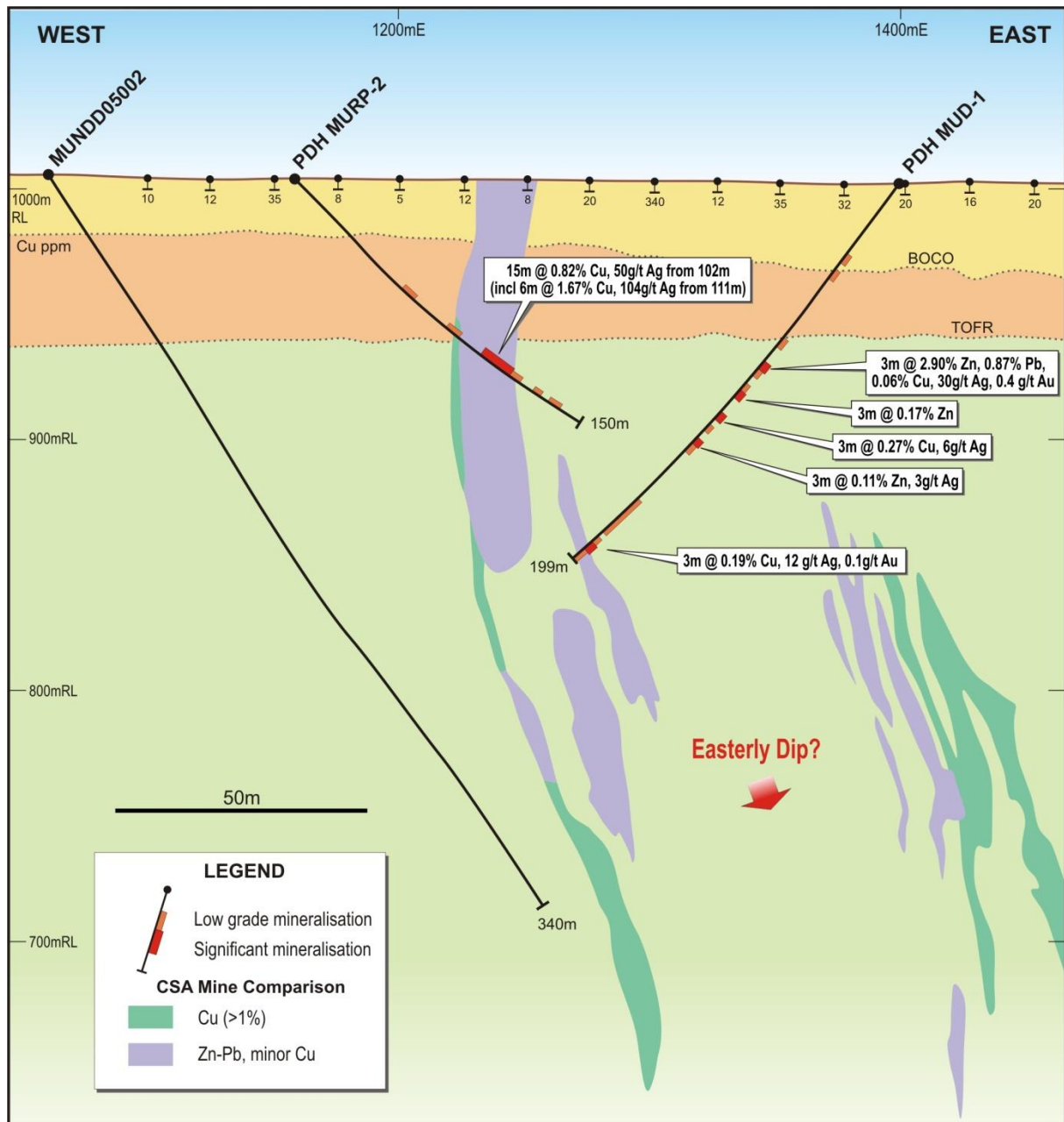


Figure 4 - Cross Section 8500mN

