

MALLEE BULL UPDATE – SATISFACTION OF FARM-IN CONDITION PRECEDENT; DRILLING SET TO COMMENCE

Highlights:

- **CBH Resources advises that satisfaction of the farm-in agreement condition precedent regarding Foreign Investment Review Board has been received.**
- **4,000m diamond drilling programme targeting down-dip/plunge mineralisation at Mallee Bull scheduled to commence within next 2-3 weeks.**
- **RAB drilling programme at Mallee Bull intersects shallow copper-lead-zinc mineralisation confirming up-dip potential.**

Peel Mining Limited (ASX: PEX) is pleased to announce that CBH Resources Limited has advised that satisfaction of the farm-in agreement condition precedent regarding the Foreign Investment Review Board has now been received. Under the farm-in agreement (ASX announcement 21.05.12), CBH has the right to earn an interest of up to 50% in the project over a three-year period. This will be achieved through staged expenditure on exploration and a contribution to previous exploration costs incurred by Peel.

Accordingly, Peel advises that the second phase of exploration drilling at Mallee Bull comprising approximately 4,000m of diamond drilling targeting down-dip/plunge mineralisation is scheduled to commence within the next 2-3 weeks. This programme is expected to take approximately 3 months.

Peel is also pleased to report that recent RAB drilling at Mallee Bull designed to test for potential oxide or supergene mineralisation has identified significant, near-surface Cu-Pb-Zn-As mineralisation confirming up-dip potential. To date, 9 vertical RAB drillholes to a maximum depth of 101m have been completed with individual metre samples routinely tested using a handheld Niton XRF machine.

Several drillholes have returned highly anomalous Cu-Pb-Zn-As values with drillhole MBRAB003 returning individual metre values up to approximately 7% Pb, 3% Zn and 2% Cu. Consequently, significant intervals have been sampled and submitted for laboratory testing.

The discovery of near surface mineralisation provides further evidence that Mallee Bull fits the “Cobar-style” deposit exploration model, increasing confidence in the potential for extending high-grade mineralisation both up and down dip.

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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