

**Peel Mining Limited**

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**About Peel Mining Limited:**

- The Company's six projects cover about 1,800 km<sup>2</sup> of highly prospective tenure in NSW, WA and NZ.
- Mallee Bull is an exciting, free-carried copper-polymetallic discovery.
- New 100%-owned Cobar tenure offers highly-prospective greenfields exploration potential.
- Apollo Hill hosts 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.
- Attunga Tungsten Deposit is a high grade tungsten deposit.
- Rise and Shine project exhibits strong similarities to the multi-million ounce Macraes gold mine.
- 110 million shares on issue for \$8 Market Capitalisation at 31 July 2012.

**Highlights for June quarter 2012**

• **CBH Resources farms-in to Mallee Bull discovery; key aspects are:**

- CBH can earn up to 50% interest via staged \$8.33m expenditure.
- Peel to remain as operator.
- Stage 1 sees CBH earn 15% by \$1m payment to Peel as contribution to past expenditure and \$1.5m of exploration expenditure over 12 month period.

– Agreement highlights the potential of Mallee Bull as a greenfields, copper-dominant polymetallic discovery.

– Follow-up exploration now underway including 4,000m diamond drilling programme targeting down-dip/plunge mineralisation.

– RAB drilling returns encouraging up-dip mineralisation.

• **Peel increases 100%-owned strategic footprint in Cobar district with acquisition of package of highly-prospective tenure.**

• **RC drilling at Ruby Silver intersects narrow, high grade silver mineralisation.**

• **Excellent metallurgical testwork results from Apollo Hill.**

**Plans for September quarter 2012**

• **Follow-up drilling and exploration at Mallee Bull.**

• **RC drilling at Mundoe.**

• **Airborne EM at Gilgunnia South.**

## **Exploration**

**Gilgunnia Project: Copper, Silver, Gold, Lead, Zinc; Western NSW (PEX 100%, CBH earning up to 50%).**

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

### **Farm-in Agreement**

During the quarter ended, Peel and CBH Resources Limited, a wholly owned subsidiary of Toho Zinc Co Ltd., reached a farm-in and joint venture agreement related to EL7461 and ML1361, which includes the Mallee Bull copper-polymetallic discovery near Cobar.

Under the agreement, CBH has the right to earn an interest of up to 50% over a three-year period through staged expenditure on exploration and a contribution to previous exploration costs incurred by Peel.

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.

CBH brings a wealth of technical expertise and resources to the project, particularly with regards to exploration and development within the Cobar Superbasin. Peel looks forward to working with CBH at Mallee Bull, which is possibly the most significant mineral discovery in the Cobar District over the past 10 years.

The key terms in the Binding Heads of Agreement between Peel and CBH are:

- HOA covers all of the May Day-Gilgunnia project assets (ML1361 and EL7461) 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 (since satisfied) as contribution to past expenditure and by contributing \$1.5 million to eligible exploration expenditure within a 12 month period (now underway).
- 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.

### **Exploration**

During the quarter, Peel reported that RAB drilling at Mallee Bull designed to test for potential oxide or supergene mineralisation had identified significant, near-surface Cu-Pb-Zn-As mineralisation confirming up-dip potential.

Several drillholes returned highly anomalous Cu-Pb-Zn-As values (via handheld Niton XRF machine) with drillhole MBRAB003 returning individual metre values up to approximately 7% Pb, 3% Zn and 2% Cu. Peel routinely tests individual metre samples using handheld Niton XRF machine. Consequently, significant intervals have been sampled and submitted for laboratory testing with results pending.

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. RAB drilling is continuing.

Subsequent to the quarter, a 4,000m diamond drilling programme commenced designed to target the down-dip/plunge extensions to currently defined mineralisation. The programme will comprise approximately 10 drillholes averaging about 400m each.

Additionally, a moving-loop (surface) EM geophysical survey targeting the prospective Four Mile Volcanics unit that hosts the mineralisation at Mallee Bull is scheduled for commencement in early August. This survey will test the strike continuation of the Four Mile Volcanics.

**Cobar Superbasin Project: Copper, Silver, Gold, Lead, Zinc; Western NSW (PEX 100%).**

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

During the quarter, Peel considerably strengthened its strategic position within the Cobar Superbasin by pegging and acquiring additional highly-prospective tenure, and by securing a 12-month option-to-purchase over Wirchilleba Station (which contains the Mallee Bull discovery footprint – see March 2012 quarterly). In total, Peel has added six new licences covering an area in excess of 1,100 km<sup>2</sup>.

Of high importance amongst these tenements is ELA4493, about 90 km west of Condoblin in NSW, and covering about 300 km<sup>2</sup> of the Rast Trough, the Southern extension of the Cobar Superbasin. ELA4493 was pegged by Peel 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.

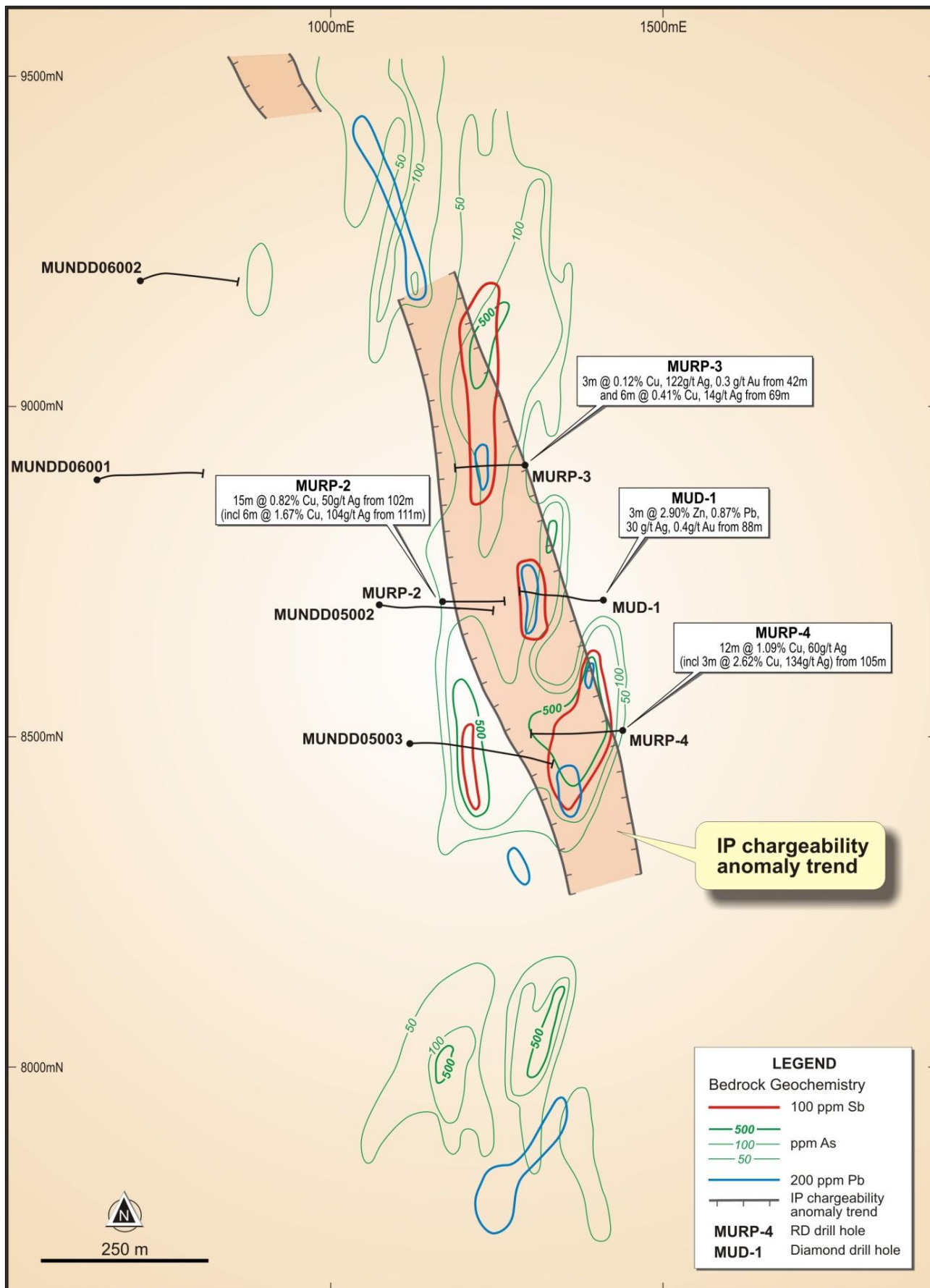
Mundoe was first identified in the 1970s as a “bulls-eye” magnetic anomaly. Follow-up exploration in early 1980s included geological mapping, RAB drilling, IP and gravity geophysical surveys, and a single diamond drillhole where a best result of **3m @ 2.90% Zn, 0.87% Zn, 30 g/t Ag and 0.4 g/t Au from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

Figure 1 – Mundoe prospect geochemistry vs drilling plan



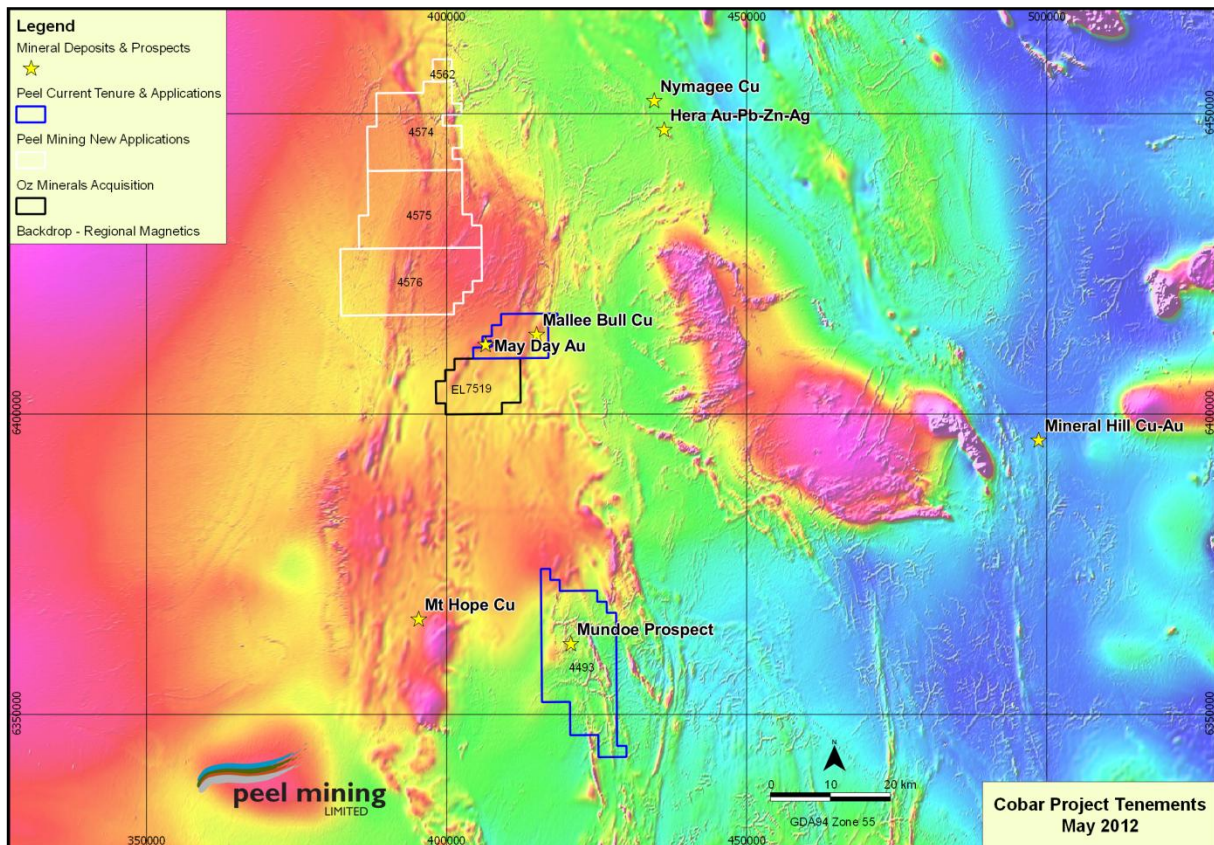
As part of Peel’s expansion in the Cobar mineral district, during the quarter Peel reached agreement with OZ Exploration Pty Ltd, a subsidiary of OZ Minerals Ltd (ASX: OZL), to purchase a strategic exploration license in close proximity to Peel’s Mallee Bull copper-polymetallic discovery. Peel has also pegged several large tenement areas that had been held by OZ Minerals.

A review of exploration data has identified several exciting targets of immediate interest to the southwest of Peel’s 100%-owned Mallee Bull deposit. These targets will be prioritised for drill testing when timing suits.

The following is a summary of the acquisition terms agreed between Peel and OZ Minerals Ltd:

- Peel to acquire a 100% interest in Exploration Licence EL7519.
- OZ Minerals Ltd not to renew other tenements in close proximity to the above EL.
- Peel to issue OZ Minerals Ltd: 2,500,000 PEX shares at \$0.10 per share (\$250,000).
- Consideration shares voluntarily escrowed for 12 months.

**Figure 2 – Cobar Superbasin Project tenement location plan**



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

**Targets:** Archaean gold deposits.

During the quarter, metallurgical testwork on Apollo Hill mineralisation continued. As previously reported results confirm that Apollo Hill gold mineralisation is readily amenable to gravity gold and cyanide leaching recovery techniques. The key outcomes from this testwork to date are:

### Head Assay Characteristics

- Assays indicate clean, coarse-grained gold mineralisation with variable assay repeatability.

### Comminution Characteristics

- SMC testwork indicates hard to very-hard rock strength of larger particle sizes (DWI average of 11.3 kWh/m<sup>3</sup>); HPGR should be considered.
- Bond Ball Mill Work Index indicates medium hardness of smaller particle sizes (BWI average of 14.3 kWh/t).
- Bond Abrasion Index indicates low abrasiveness of ore (BAI of 0.055 Ai); low steel ball consumption and low wear on crushing and grinding equipment, pipework, etc.

### Gold Extraction Characteristics

- Excellent gravity gold extraction with 88% recovery at 75 µm; 68% recovery at 500 µm.
- Excellent gravity plus cyanide leach gold extraction (48hrs) with 99% recovery at 75 µm; 96% recovery at 500 µm; moderate cyanide consumption, low lime consumption.
- Moderate to good cyanide leach gold extraction at coarse grind/fine crush sizes: 86% at 2mm; 72% at 4mm; 73% at 6mm; moderate cyanide consumption, low lime consumption.

Also during the quarter, Peel acquired mining licence M39/296 from Birimian Gold Limited for 750,000 ordinary Peel shares as consideration. M39/296 is immediately along strike (southeast) from the Apollo Hill resource and is considered to have good potential to host additional gold resources.

On the exploration front during the quarter, Peel completed a field reconnaissance trip to Apollo Hill with a focus on mining licence M39/296 and regional exploration. A number of prospects were identified for follow-up and a substantial geochemical survey has now been planned. Subsequent to the quarter's end, Peel completed an additional aboriginal heritage survey to clear areas identified for follow-up exploration.

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

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

During the quarter, Peel completed a maiden RC drilling programme at Ruby Silver comprising 15 holes for 1,483m. The programme was designed to test IP chargeability anomalies, and to also test beneath historic workings at the Rockvale and Tulloch mines. Several narrow, high-grade silver intercepts were recorded with better results including:

- **PRRC009 – 2m @ 32 g/t Ag from 9m, 3m @ 227 g/t Ag from 20m and 3m @ 267 g/t Ag, 0.82% Pb, 0.39% Zn from 115m;**
- **PRRC010 – 5m @ 145 g/t Ag, 0.23 g/t Au from 93m; and**
- **PRRC013 – 2m @ 173 g/t Ag from 16m and 1m @ 71 g/t Ag from 24m.**

Best results were obtained from drilling directed at the Tulloch Lode. High-grade mineralisation was intersected below the base of old workings. Significantly, several shallow high-grade results were returned from near surface in a previously unidentified parallel lode.

Peel plans to complete a follow-up surface geochemical survey to help delineate any near-surface mineralisation.

**Table 1 – Ruby Silver significant drill results**

Hole ID	Northing	Easting	Azi	Dip	Final Depth (m)	From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	Comment
PRRC001	6637764	403646	315	65	102	-	-	-	-	-	-	-	-	Abandoned due to high water inflow
PRRC002	6637380	403287	315	65	90	53	54	1	44	0.08	-	-	0.51	-
						74	76	2	12	0.05	-	0.05	0.10	-
PRRC003	6637211	403177	315	65	72	-	-	-	-	-	-	-	-	No Significant Assays
PRRC004	6637151	403207	180	65	120	-	-	-	-	-	-	-	-	No Significant Assays
PRRC005	6637328	403056	315	65	90	7	9	2	10	0.15	-	-	0.04	-
PRRC006	6637680	403212	315	80	96	19	20	1	10	0.08	-	0.1	-	-
						38	39	1	-	0.29	-	-	-	-
						70	72	2	22	-	0.3	0.35	-	-
						88	90	2	9	-	0.09	0.21	-	-
PRRC007	6638588	401593	315	65	90	75	77	2	-	0.18	-	-	-	-
PRRC008	6638330	401600	284	70	103	6	9	3	17	-	-	-	-	-
						102	103	1	34	-	-	-	-	Abandoned due to void/stope
PRRC009	6638334	401617	284	70	120	9	11	2	32	-	-	-	-	-
						20	23	3	227	-	0.15	0.12	-	-
						115	118	3	267	0.15	0.82	0.39	-	-
PRRC010	6638300	401585	284	70	108	93	98	5	145	0.23	-	-	-	-
PRRC011	6637653	403398	315	65	144	-	-	-	-	-	-	-	-	No Significant Assays
PRRC012	6638412	401806	284	60	132	28	29	1	40	-	-	-	-	-
PRRC013	6638328	401615	284	70	56	16	18	2	173	-	0.12	-	-	Abandoned due to bit shank
						24	25	1	71	-	-	-	-	-
PRRC014	6638300	401584	284	60	80									No Significant Assays
PRRC015	6638373	401565	284	60	80	57	58	1	-	0.15	-	-	-	-
						74	75	-	-	0.36	-	-	-	-

**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. A review of the Attunga Tungsten Deposit was initiated during the quarter and is ongoing at the time of reporting.

**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.

A site visit was undertaken during the quarter in preparation for exploration planning.

**Morawa: Copper, Gold; Central West WA (PEX 100%)**

**Targets:** Volcanogenic Massive Sulphide mineralisation.

No fieldwork was undertaken during the quarter.

**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 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.*

**Appendix 1**

**Information regarding Ruby Silver drilling/assaying data**

1. Drilling was completed using a RC face sampling hammer.
2. Sample recoveries were considered adequate for all samples.
3. Drill chips have been logged in detail based on lithology, mineralisation, and alteration.
4. Samples for analysis were collected by cone splitter sampling and/or hand spearing.
5. Samples were submitted as 2 or 4m composite chip samples, or 1m chip samples.
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; Pb-OG62 for >1% Pb; and Zn-OG62 for >1% Zn.
7. Drillhole collars were surveyed by hand held GPS.

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 2 - 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