

Latest Drilling at Mallee Bull Returns 69m @ 4.01% Copper Equivalent

Following strong assay results from earlier drilling, MBDD009 has returned the highest grade copper mineralisation seen to date at Mallee Bull.

Highlights:

- MBDD009 intercepts multiple mineralised zones including a broad stringer/breccia sulphide zone returning:
 - 69m @ 4.01% Cu Eq* (3.48% Cu, 34 g/t Ag, 0.14 g/t Au) from 533m including a high grade zone of:
 - 18m @ 10.69% Cu Eq* (9.35% Cu, 83 g/t Ag, 0.43 g/t Au) from 542m.
- Individual metres grading up to 22.6% Cu, 231 g/t Ag, 4.30 g/t Au.
- MBDD009 is more than 120m deeper than any previous drill intercepts.
- Copper-dominant sulphide mineralisation at Mallee Bull now extends from ~150m below surface to at least 600m below surface and remains open in multiple directions including down dip/plunge.

MBDD009 summary

Peel Mining Limited (ASX: PEX) is pleased to advise that drillhole MBDD009 has returned very strong copper mineralisation, intersecting a broad zone of stringer/breccia sulphide mineralisation from 533m to 602m (69m) including an 18m zone of high grade chalcopyrite-dominant mineralisation from 542m. This intercept represents the deepest hit encountered to date at Mallee Bull and shows that copper-dominant sulphide mineralisation now extends from about 150m below surface to at least 600m below surface. Importantly, it also shows increasing copper grades with depth.

As previously reported, downhole EM (DHEM) surveying completed in drillholes MBDD001 and MBDD007 defined an extremely strong conductor response at about 580m below surface and consistent with the known mineralised horizon. MBDD009 was designed to intersect the modelled conductor plate at a depth of at least 500m below surface.

Assay results confirm important mineralisation in MBDD009 occurring as: a 6m zone of disseminated/blebby pyrite-pyrrhotite-galena-sphalerite sulphide mineralisation from ~457m; a 4m pyrite-dominated semi-massive sulphide zone from 499m followed by a 69m zone of variable stringer/breccia chalcopyrite-pyrrhotite sulphide mineralisation from 533m. Within the stringer/breccia zone is an 18m zone of intense chalcopyrite-rich sulphide mineralisation from 542m. The true width of the mineralised zones in MBDD009 is interpreted to be ~50% of the downhole intercepts.

MBDD008 summary

Assay results have also been received for MBDD008 (60m north of MBDD009). MBDD008 intersected 35m of semi-massive-to-massive pyrite-pyrrhotite-galena-sphalerite-chalcopyrite sulphide

mineralisation from 374m followed by several zones of variable pyrrhotite-chalcopyrite stringer/breccia mineralisation from 442m. Significant assays returned include:

- **35m @ 3.42% Pb, 1.51% Zn, 0.65% Cu, 54 g/t Ag, 1.16 g/t Au, 318 g/t Co from 374m including a high grade zone of:**
 - **15m @ 7.27% Pb, 3.01% Zn, 0.78% Cu, 73 g/t Ag, 0.74 g/t Au, 289 g/t Co from 394m.**
- **8m @ 1.45% Cu Eq* (1.23% Cu, 12 g/t Ag, 0.09 g/t Au) from 461m.**
- **21m @ 1.95% Cu Eq* (1.48% Cu, 24 g/t Ag, 0.25 g/t Au) from 479m.**
- **4m @ 3.93 g/t Au from 504m.**

The true width of the above mineralised zones is interpreted to be between ~60% of the downhole intercept.

MBDD008 lies at the northern end of the Mallee Bull deposit. Initial interpretation suggests that due to lift, the hole intercepted higher than planned and has possibly intercepted the periphery of the Mallee Bull mineralised system. High lead and zinc values support this opinion. This concept is also supported by 3D TMI modelling and DHEM modelling.

Geophysics

DHEM surveying of MBDD009 identified a series of anomalies: one off-hole anomaly centred at ~350m and three on-hole anomalies located between 495m and 580m. At 565m, an EM response returned a time constant of 92ms. This is the highest time constant observed at Mallee Bull to date, and extraordinarily high for the Cobar region and NSW. Modelling of this response shows the centre of the conductive mass to be located ~50m to the north, and at about 570m downhole. This implies a northerly plunge with respect to mineralisation at Mallee Bull.

Importantly, DHEM conductor modeling continues to show strong correlation with 3D TMI (magnetic) inversion modeling which shows the magnetic anomaly associated with the Mallee Bull prospect as a northerly plunging, horn-like feature extending out of the core of the very large Butcher's Dog magnetic anomaly 1km north.

Forward work programme

MBDD009 represents the final drillhole of Phase 2 exploration and a full data review is now underway. It is anticipated that follow-up exploration including "early-warning" metallurgical testwork and surface geochemical surveys will continue over December with renewed drilling expected early in the New Year.

In the meantime, Peel plans to commence drilling at its 100%-owned Mundoe copper-polymetallic prospect, (50km south of Mallee Bull) prior to the end of November, subject to receiving regulatory approvals (see ASX announcement dated 26.10.12).

Commenting on the result, Peel Managing Director Rob Tyson said:

"The results from MBDD009 and the Phase 2 drill programme in general are outstanding. The broad and strong mineralisation reinforces Mallee Bull's economic potential and ranks it amongst the most promising Greenfield discoveries in recent times for both NSW and Australia in general. The increasing scale and tenor of mineralisation at deeper levels within Mallee Bull bodes well for its future development prospects."

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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 highly anomalous silver-lead-zinc mineralisation. Follow-up drilling completed in July/August 2011 intersected massive and stringer/breccia sulphide mineralisation containing strong Cu-Ag-Au-Pb-Zn-Co values within a broad zone of deformation and alteration. Phase 1 follow-up exploration was completed in early 2012 with many significant results returned confirming Mallee Bull as an important greenfields discovery.

In May 2012, CBH Resources farmed-in to Mallee Bull whereby CBH has the right to earn an interest of up to 50% in the project over a three-year period through an \$8.33m spend. Peel remains responsible for exploration activities through this period. CBH Resources is an Australian-based mineral resources company producing zinc, lead and silver from the Endeavour Mine north of Cobar, and the Rasp mine in Broken Hill. The company, which is 100%-owned by Tokyo Stock Exchange-listed Toho Zinc, recently opened 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.

Information regarding drilling/assaying data

1. Drilling was completed as HQ or NQ diamond core.
2. Sample recoveries were considered adequate for all samples.
3. Drillcore has been logged in detail based on lithology, mineralisation, and alteration.
4. Samples for analysis were collected by sawing core in half.
5. Samples were submitted as 1m or 4m composite half-core intervals.
6. Samples were analysed at ALS Chemex utilising methods: Au-AA25 for Au (fire assay); ME-ICP41, ME-ICP61 or ME MS61 for multi-element including Ag, Cu, Pb, Zn; Ag-OG46 for >100 g/t Ag; Cu-OG46 for >1% Cu; Pb-OG46 for >1% Pb; and Zn-OG46 for >1% Zn.
7. Drillhole collars were surveyed by DGPS (GDA94) and downhole gyroscopic surveys were 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. No metallurgical testwork has been completed to date however it is the Company's opinion that all the elements included in the copper equivalent calculation have a reasonable potential to be recovered.

Copper equivalent conversion factors and long-term price assumptions used follow:
Massive Sulphide Zone Copper Equivalent Formula (CuEq) = (Cu (ppm) x 0.0075 + Ag (ppm) x 0.96 + Au (ppm) x 50.00 + Co (ppm) x 0.025)/0.0075;

Stringer/Breccia Sulphide Zone Copper Equivalent Formula (CuEq) = (Cu (ppm) x 0.0075 + Ag (ppm) x 0.96 + Au (ppm) x 50.00)/0.0075;

Price Assumptions - Cu (US\$7,500/t), Ag (US\$30/oz), Au (US\$1,500/oz), Co (US\$25,000/t).

Pb and Zn have not been used in copper equivalent calculation.

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Table 1 – Phase 2 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)	Co (g/t)	CuEq (%)	Pb (%)	Zn (%)
MBDD001	6413290	415162	090	-81	489.9	431	436	5	0.85	9	0.62	248	1.47	0.09	0.05
						447	450	3	1.07	30	2.09	49	2.86	0.46	0.37
MBDD002	6413370	415167	090	-77	468.8	363	404	41	1.71	33	1.84	616	3.56	0.15	0.06
including						381	383	2	2.31	38	2.09	605	4.38	0.15	0.08
and						391	404	13	3.11	52	1.59	829	5.11	0.18	0.08
						415	446	31	2.65	51	0.18	78	3.45	0.74	0.52
including						418	430	12	4.06	64	0.21	92	5.05	0.97	0.65
and						433	439	6	3.35	100	0.38	79	4.90	1.41	0.93
MBDD003	6413430	415172	090	-76	507.8	367	377	10	1.12	47	0.95	377	2.47	1.51	1.11
						386	398	12	1.58	39	0.14	38	2.18	0.77	0.50
						409	423	14	1.92	56	0.30	37	2.85	0.10	0.04
						444	466	22	3.62	38	0.09	40	4.18	0.40	0.04
including						453	464	11	5.40	55	0.11	39	6.19	0.49	0.06
MBDD004	6413330	415160	090	-76	453.9	356	398	42	1.01	23	0.91	250	1.99	0.20	0.10
including						384	398	14	2.53	30	0.38	265	3.26	0.16	0.08
MBDD005	6413330	415158	090	-81	474.8	414	419	5	1.75	31	0.21	110	2.33	0.10	0.10
						421	426	5	1.44	68	0.34	46	2.56	0.11	0.42
MBDD006	6413394	415165	090	-83	486.9	396	403	7	1.09	29	1.74	520	2.79	0.19	0.10
						405	418	13	1.91	31	0.12	44	2.40	0.25	0.15
						444	475	31	1.61	13	0.17	52	1.90	0.08	0.03
MBDD007	6413350	415162	090	-90	771.8	584	588	4	0.03	26	0.11	12	N.A.	0.98	1.58
						617	621	4	0.07	75	0.91	24	N.A.	1.82	0.02
						647	651	4	1.55	10	0.14	132	1.82	0.07	0.03
MBDD008	6413430	415170	090	-83	525.8	374	409	35	0.65	54	1.16	318	N.A.	3.42	1.51
including						394	409	15	0.78	73	0.74	289	N.A.	7.27	3.01
						461	469	8	1.23	12	0.09	34	1.45	0.18	0.05
						479	500	21	1.48	24	0.25	39	2.27	0.01	0.05
						504	508	4	0.07	2	3.93	26	N.A.	0.02	0.01
MBDD009	6413370	415163	090	-87	642.8	457	463	6	0.06	70	0.13	18	N.A.	1.56	3.10
						499	503	4	0.19	21	0.67	121	N.A.	0.46	0.19
						533	602	69	3.48	34	0.14	28	4.01	0.23	0.05
including						542	560	18	9.35	83	0.43	37	10.69	0.30	0.07
including						547	551	4	17.99	143	0.39	38	20.08	0.23	0.10

*Green denotes new drill results

Figure 1 – Cross Section 6413370N

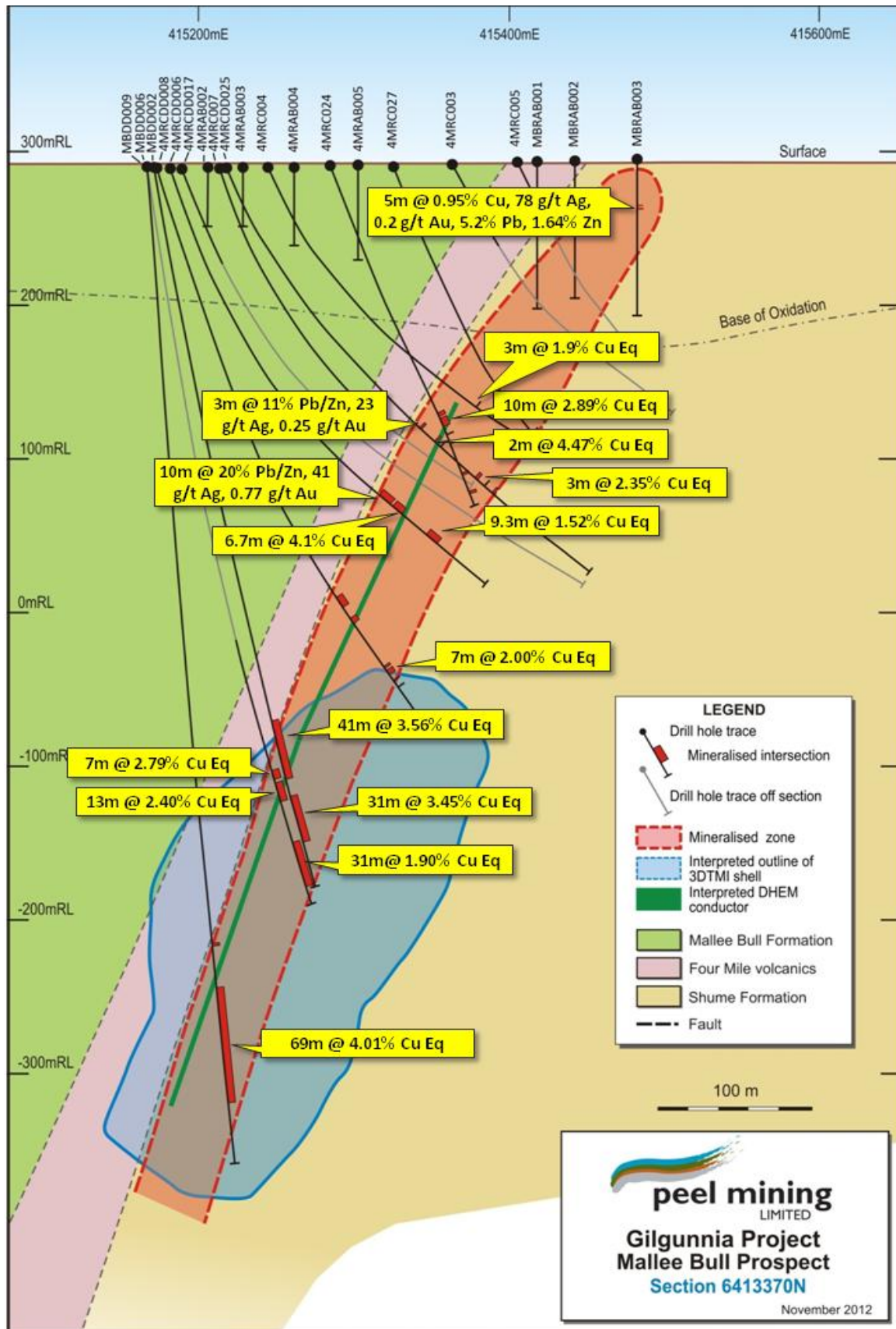


Figure 2 – Long Section

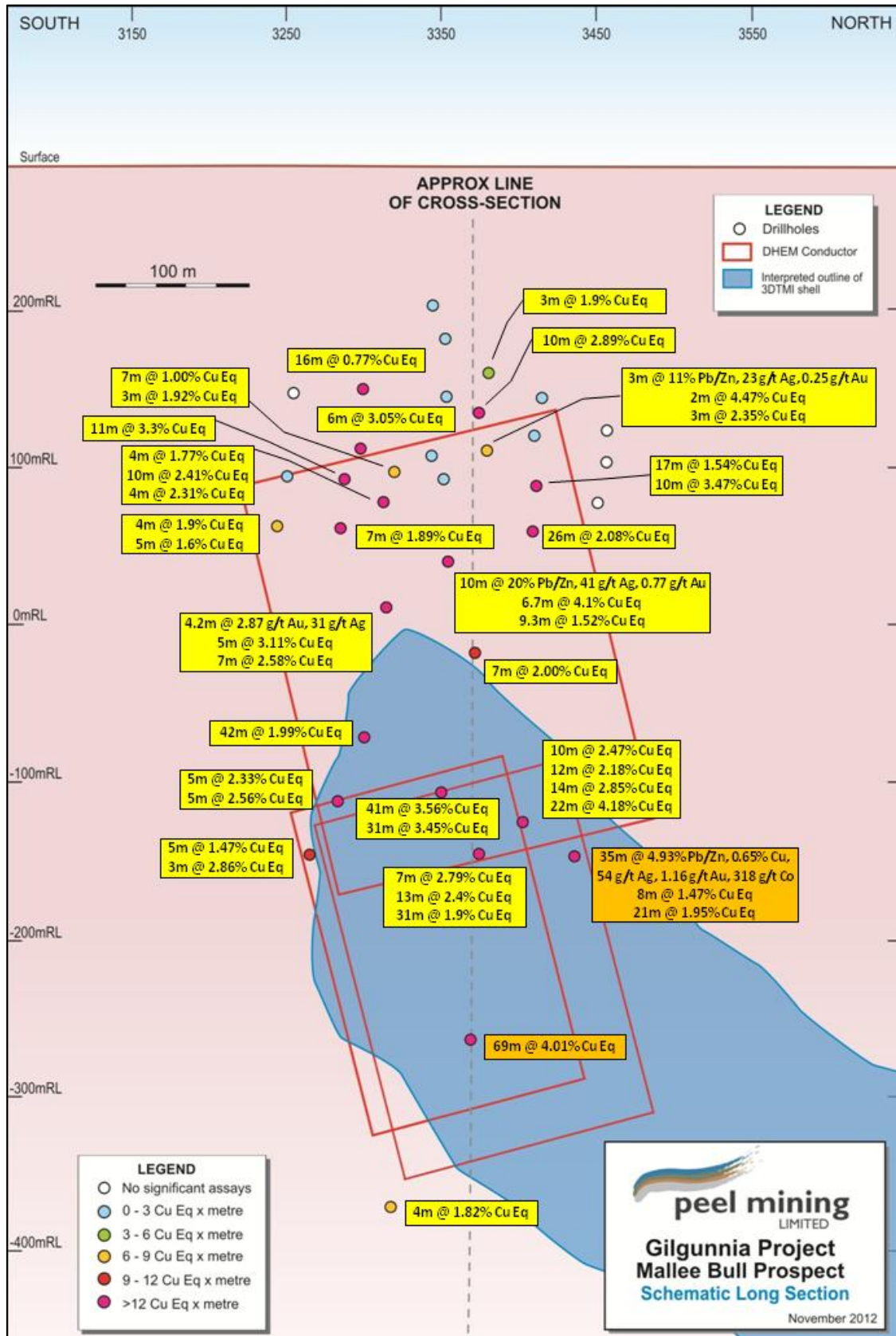


Figure 3 – Drillhole Location Plan

