

Deeper drilling at Mallee Bull extends intense mineralisation

Highlights:

- Drillhole MBDD009W2W1 intercepts several zones of mineralisation including a broad zone of variable stringer/breccia chalcopyrite-dominant sulphide mineralisation from ~575m to ~659m downhole
- Intense chalcopyrite-dominant breccia mineralisation intercepted from ~626m to ~652m downhole
- Mineralisation is positioned ~40m north and ~80m down dip of mineralisation in MBDD009 (69m @ 3.48% Cu, 34 g/t Ag, 0.14 g/t Au [4.01% Cu Eq*])
- Mineralisation appears to be increasing in tenor with depth and is open in multiple directions including down-dip

Drillhole MBDD009W2W1 summary

Peel Mining Limited (ASX: PEX) is pleased to advise that exploration at Mallee Bull continues to return exciting results with drillhole MBDD009W2W1 intersecting several zones of important mineralisation including: a 10m zone of pyrite-pyrrhotite-rich massive sulphides from 496m; a broad zone of variable stringer/breccia sulphide mineralisation from ~575m to ~659m (84m) including an approximate 26m zone of intense chalcopyrite-dominant mineralisation from 626m; and a zone of quartz-healed breccia with lesser chalcopyrite-dominant sulphide mineralisation from ~666m to ~695m. The true width of these intercepts is estimated at about 40% of the downhole intercept. Assay results remain outstanding.

Drillhole MBDD009W2W1 was drilled as a new wedge drillhole from drillhole MBDD009W2 and was designed to test a strong DHEM conductor and the presumed down-dip position of mineralisation.

The important intercept from ~575m is positioned ~40m north and ~80m down dip of mineralisation in drillhole MBDD009 (69m @ 3.48% Cu, 34 g/t Ag, 0.14 g/t Au [4.08% Cu Eq*]) and confirms the continuation of high-grade copper mineralisation down-dip of drillhole MBDD009 adding further to the potential for Mallee Bull to host a substantial volume of high grade material. Drillhole MBDD009W2W1 also represents the deepest significant intercept to date at Mallee Bull and shows that copper-dominant sulphide mineralisation now extends from about 150m below surface to nearly 700m below surface, and appears to be increasing in tenor with depth. Importantly mineralisation remains open in multiple directions including down-dip.

Handheld XRF analysis and geological logging indicates the 26m zone from 626m to be strongly mineralised with chalcopyrite (copper). Comparable mineralisation seen in other drillholes has yielded individual metres grading up to 20% Cu and 250 g/t Ag.

Drillhole MBDD010 and MBDD010W1 summary

Drillhole MBDD010 was designed to test for a potential northerly plunge to the geometry of the Mallee Bull mineralised system. Drillhole MBDD010 intersected a 47m zone of variable pyrrhotite-



chalcopyrite stringer/breccia mineralisation from ~622m containing a stronger zone of chalcopyrite-dominant breccia/stringer mineralisation intersected from ~633m to ~664m. The true width of the above mineralised zones is estimated to be ~55% of the downhole width. Assay results remain outstanding.

The intersection of stringer/breccia mineralisation in drillhole MBDD010 is positioned ~80m north and ~60m down dip of mineralisation in drillhole MBDD009 and confirms the continuation of strong copper mineralisation along strike and down-dip of drillhole MBDD009.

Drillhole MBDD010W1 was designed to test for a potentially shallower northerly plunge to the geometry of the Mallee Bull mineralised system. Drillhole MBDD010W1 intersected a structurally deformed and altered zone containing weak pyrrhotite-chalcopyrite stringer/breccia mineralisation from ~686m to ~715m. The true width of the above mineralised zones is estimated to be ~55% of the downhole width. Assay results remain outstanding.

The intersection of the structurally deformed and altered zone in drillhole MBDD010W1 is positioned ~160m north and ~100m down-dip of mineralisation in drillhole MBDD009 and indicates that mineralisation at Mallee Bull is westerly dipping and sub-vertical with minimal plunge.

Geophysics

DHEM surveying of drillhole MBDD010W1 identified two offhole anomalies: one centred at ~460m downhole and another centred at ~700m downhole. The deeper anomaly's position is roughly coincident with the strong mineralisation returned from drillhole MBDD009W2W1 and again highlights the importance of DHEM surveying.

Forward programme

Drillhole MBDD011 is currently underway and is being drilled from a footwall position. It is primarily designed to test for the down-dip continuation of Mallee Bull mineralisation at ~900m below surface but is also designed to test a strong chargeable anomaly generated from a recently completed Induced Polarisation survey.

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,

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and the Rasp mine in Broken Hill. The company is 100%-owned by Tokyo Stock Exchange-listed Toho Zinc.

Director resignation

Peel Mining wishes to advise that Mr Craig McGown has tendered his resignation as Non-Executive Director of the Company, effective today. Peel acknowledges and appreciates the valuable contribution Craig has made to the Company and wishes him all the best for the future.

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.

Table 1 – Phase 3 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 (%) |
|-----------|----------|---------|-----|-----|-----------------|----------|--------|-----------|--------|----------|----------|----------|----------|--------|--------|
| MBDD009W1 | 6413370 | 415163 | 090 | -87 | 567.8 | 470 | 523 | 53 | 4.08 | 42 | 0.22 | - | 4.77 | 0.30 | 0.05 |
| including | | | | | | 472 | 484 | 12 | 9.13 | 86 | 0.34 | - | 10.46 | 0.54 | 0.05 |

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Figure 1 – Long Section (commencing ~400m below surface)

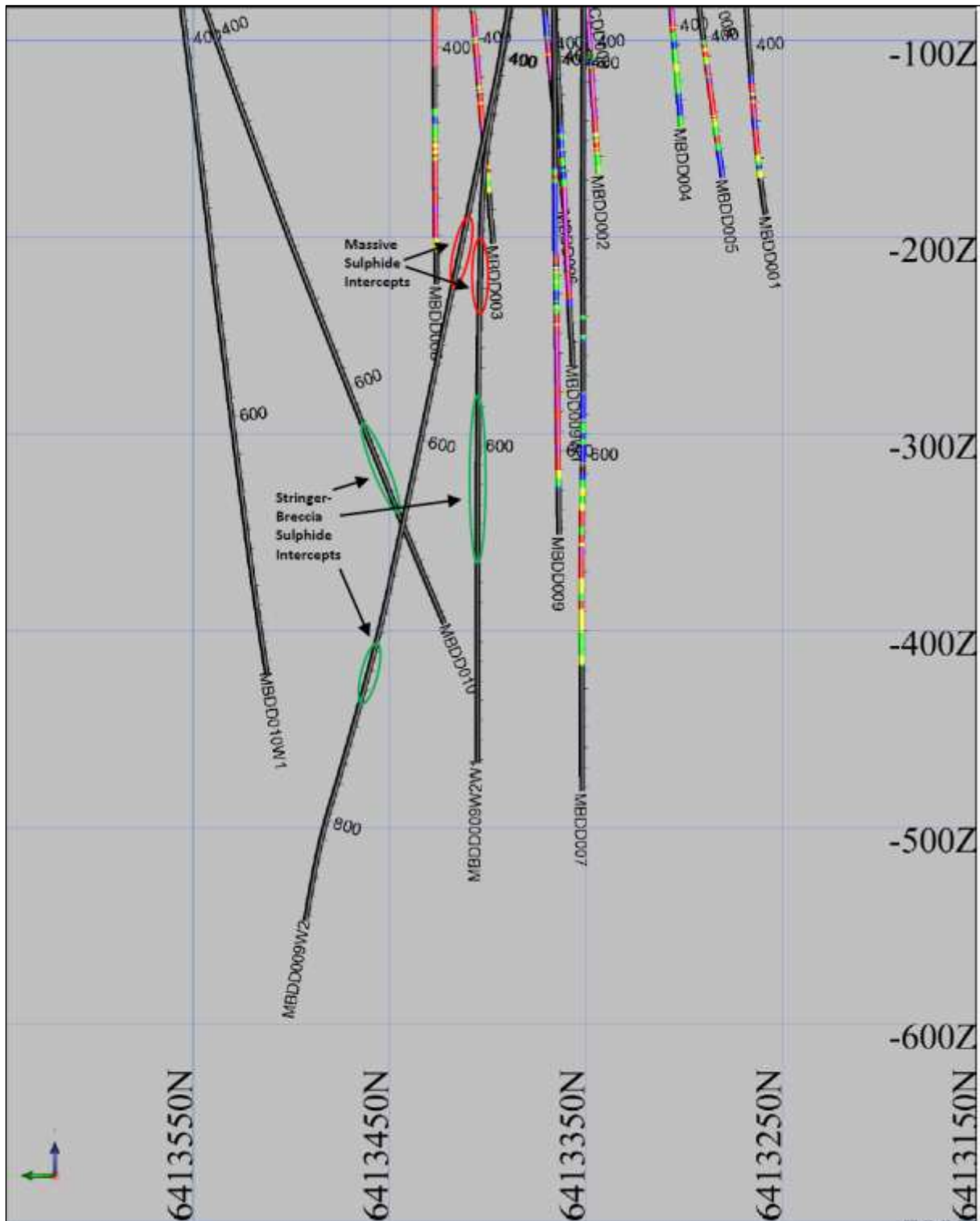


Figure 2 – Higher Grade Copper Zone MBDD009W2W1





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