MALLEE BULL RETURNS 72m @ 3.51% COPPER EQUIVALENT

Highlights:
- MBDD002 returns cumulative intercept of 72m @ 3.51% CuEq* (2.11% Cu, 41 g/t Ag, 1.13 g/t Au, 384 g/t Co) comprising two broad zones of high-grade, copper-dominant sulphide mineralisation:
  - Massive sulphide zone – 41m @ 3.56% CuEq* (1.71% Cu, 33 g/t Ag, 1.84 g/t Au, 616 g/t Co) from 363m including higher grade zones of:
    - 2m @ 4.38% CuEq* (2.31% Cu, 38 g/t Ag, 2.09 g/t Au, 605 g/t Co)
    - 13m @ 5.11% CuEq* (3.11% Cu, 52 g/t Ag, 1.59 g/t Au, 828 g/t Co)
  - Stringer sulphide zone – 31m @ 3.45% CuEq* (2.65% Cu, 51 g/t Ag, 0.18 g/t Au, 78 g/t Co) from 415m including higher grade zones of:
    - 12m @ 5.05% CuEq* (4.06% Cu, 64 g/t Ag, 0.21 g/t Au, 92 g/t Co)
    - 6m @ 4.90% CuEq* (3.35% Cu, 100 g/t Ag, 0.38 g/t Au, 79 g/t Co)
- MBDD002 is part of ~4,000m diamond drilling programme targeting down-dip/plunge mineralisation at Mallee Bull and is more than 100m down-dip from nearest previous drilling.; drilling is continuing.
- Five drillholes have been completed to date (including MBDD002); all have intersected significant sulphide mineralisation.
- MBDD004 (40m south of MBDD002) intersects a 30m massive sulphide zone from 357m followed by 13m stringer/breccia sulphide zone (assays awaited).

Peel Mining Limited (ASX: PEX) is pleased to report that sample assay results returned from diamond drillhole MBDD002 at the Mallee Bull copper-polymetallic discovery confirm the presence of several broad zones of high-grade, copper-polymetallic mineralisation. Mallee Bull is located 100 km south of Cobar in NSW and is subject to an $8.3m farm-in agreement with CBH Resources Ltd (a subsidiary of Tokyo Stock Exchange-listed Toho Zinc), whereby CBH has the right to earn an interest of up to 50% in the project over a three-year period. Peel remains exploration operator.

MBDD002 was designed to test the down-dip/plunge continuity of mineralisation at Mallee Bull, and encouragingly has intersected the most significant mineralisation encountered to date. The true width of mineralisation is estimated to be 60-65% of the downhole width or ~25m for the massive sulphide zone and ~19m for the stringer/breccia sulphide zone. MBDD002 is part of a 4,000m diamond drilling programme at Mallee Bull targeting down-dip/plunge mineralisation.

A strong massive sulphide mineralised zone comprising pyrite-pyrrhotite-chalcopyrite was intersected from about 363m downhole. This zone was initially dominated by pyrite/pyrrhotite, progressively grading into strong chalcopyrite (copper) mineralisation with strong accessory gold, silver and cobalt values. A strong stringer/matrix sulphide zone comprising pyrite-pyrrhotite-chalcopyrite-galena-sphalerite followed further downhole with accessory gold and silver values.
The styles of mineralisation present at Mallee Bull are similar to those found elsewhere in the Cobar district including at the world-class CSA mine, one of Australia’s highest grade copper mines. Cobar-style deposits are typically short in strike length but long in the vertical plane.

Geological logging of Phase 2 drillholes completed to date shows all drillholes to be mineralised. MBDD001, drilled at the southern end of Mallee Bull, intersected several zones of moderate stringer/breccia sulphides starting at about 430m downhole. MBDD002, drilled 80m north of MBDD001, intersected a 41m massive sulphide zone starting at 363m downhole and a 31m stringer/breccia sulphide zone at 415m downhole.

MBDD003, drilled 140m north of MBDD001, returned a 13m zone of semi-massive sulphides from 367m downhole followed by several zones of moderate stringer/breccia mineralisation. MBDD004, drilled 40m north of MBDD001, intersected a 30m zone of massive sulphide at 357m downhole followed by a 14m stringer/breccia zone at 387m.

MBDD005, collared immediately behind MBDD004, intersected a 5m semi-massive sulphide zone at about 410m downhole, followed by several moderate stringer/breccia zones. Gyroscopic survey data indicates MBDD005’s drill trace swung significantly to the south, thereby not testing immediately down-dip of MBDD004. The true width of mineralisation intercepted in MBDD001 to MBDD005 is estimated to be 60-65% of the downhole widths. Assays for drillholes MBDD003 to MBDD005 will be available over the coming weeks.

Drilling completed to date indicates that high-grade copper-dominant polymetallic sulphide mineralisation at Mallee Bull has a strike length of ~120m, comes to within 150m of surface, and now extends to at least 400m below surface and is open in multiple directions including at depth. The balance of the Phase 2 diamond drilling programme will test down dip from MBDD002.

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

“The assay results from MBDD002 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 future exploration.”

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-Ag-Au-Pb-Zn-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 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. 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 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 half-core intervals.
6. Samples wereanalysed at ALS Chemex utilising methods: Au-AA25 for Au (fire assay); ME-ICP 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. Check sampling is being completed using ME-ICP61 for multi-element including Ag, Cu, Pb, Zn; Ag-OG62 for >100 g/t Ag; Cu-OG62 for >1% Cu; Pb-OG62 for >1% Pb; and Zn-OG62 for >1% Zn.
7. Drillhole collars were surveyed by DGPS.
8. 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. Copper equivalent conversion factors and long-term price assumptions used follow: 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; 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 – Significant Drill Assay Results

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Peel Mining Limited ACN 119 343 734
Unit 1, 34 Kings Park Rd, West Perth, WA 6005. Ph: (08) 9382 3955. Fax (08) 9388 1025. E: rtyson@peelmining.com.au www.peelmining.com.au
Figure 1 – Drill Location and Geology Plan

LEGEND

Drilling
- Diamond drill hole
- RC drill hole
- RAB drill hole

Workings
- Pit
- Shaft

Geology
- Mallee Bull Formation
- Four Mile volcanics
- Fault (approx.)
- Quartz vein

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Figure 2 – Long Section

Peel Mining Limited ACN 119 343 734
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E: rtyson@peelmining.com.au   www.peelmining.com.au
Figure 3 – Cross Section

Giilgunnia Project
Mallee Bull Prospect
Schematic Section 2

Peel Mining Limited ACN 119 343 734
Unit 1, 34 Kings Park Rd, West Perth, WA 6005. Ph: (08) 9382 3955. Fax (08) 9388 1025.
E:rtysont@peelmining.com.au www.peelmining.com.au