peel mining LIMITED

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NEW COBAR-STYLE COPPER DISCOVERY IN NSW

Broad zone of copper-polymetallic mineralisation intersected at 4-Mile prospect

Highlights:

- **Wide zone of copper-silver-gold-lead-zinc mineralization intersected in follow-up drilling targeting a new EM conductor at the 4-Mile prospect (May Day Project, 100km S. of Cobar)**
- **55m alteration zone intersected from ~215m down-hole to end-of-hole, containing a broad, variably mineralized 48m zone averaging:**
  - ***0.74% Cu, 24 g/t Ag, 0.21 g/t Au, 0.48% Pb, 0.49% Zn from 218m (4MRC007)***
- **Better assays from hole 4MRC007 include:**
  - ***4m*@ 3.59 g/t Au from 184m;***
  - ***1m @ 1.65% Cu, 96 g/t Ag, 1.48 g/t Au, 9.99% Pb, 2.00% Zn from 219m;***
  - ***4m @ 1.42% Cu, 18 g/t Ag, 0.21 g/t Au, 0.39% Pb, 0.20% Zn from 226m;***
  - ***8m @ 1.94% Cu, 55 g/t Ag, 0.30 g/t Au, 0.16% Pb, 0.29% Zn from 248m; and***
  - ***4m @ 1.49% Cu, 59 g/t Ag, 0.18 g/t Au, 0.26% Pb, 0.21% Zn from 262m***
- **Down-hole EM indicates potential for further mineralization below drill-hole 4MRC007**
- **Follow-up drilling to commence shortly.**

Perth-based explorer Peel Mining Limited (ASX: PEX) is pleased to announce that recent drilling at the **4-Mile Prospect**, part of its 100%-owned May Day-Gilgunnia Project in NSW, has resulted in the **discovery of a broad zone of Cobar-style copper-polymetallic** mineralisation.

4-Mile is a newly identified prospect, located approximately 100km south of Cobar. The latest drilling, which comprised four new RC drill holes on an east-west line, targeted a recently identified geophysical electro-magnetic (EM) conductor and coincident magnetic geophysical anomaly, located within the historic 4-Mile goldfields.

Drillhole 4MRC007 intersected a broad **55 metre** zone of sulphide mineralisation, including chalcopyrite, sphalerite and galena. Other accessory sulphide minerals observed includes pyrrhotite, pyrite, and arsenopyrite.

This included a **48 metre** intersection which assayed on average **0.74% Cu, 24 g/t Ag, 0.21 g/t Au, 0.48% Pb, 0.49% Zn** from 218m (see Table 1 for significant assays). Within this intersection were individual higher grade intervals, including:

- ***4m*@ 3.59 g/t Au from 184m;***
- ***1m @ 1.65% Cu, 96 g/t Ag, 1.48 g/t Au, 9.99% Pb, 2.00% Zn from 219m;***
- ***4m @ 1.42% Cu, 18 g/t Ag, 0.21 g/t Au, 0.39% Pb, 0.20% Zn from 226m;***
- ***7m @ 0.27% Cu, 15 g/t Ag, 0.15 g/t Au, 0.51% Pb, 1.75% Zn from 235m;***
- ***8m @ 1.94% Cu, 55 g/t Ag, 0.30 g/t Au, 0.16% Pb, 0.29% Zn from 248m; and***
- ***4m @ 1.49% Cu, 59 g/t Ag, 0.18 g/t Au, 0.26% Pb, 0.21% Zn from 262m.***

The mineralisation occurs within a package of sediments comprising carbonaceous shales and siltstones and is interpreted as occurring as a shoot-like structure dipping moderately to the south-west and plunging to south-east, meaning that drill intercepts reported would be close to true.

A recent review of local geology indicates that 4-Mile is positioned in a favourable geological and structural position, sited on the "nose" of an anticline – a suitable high-stress environment, and occurring in a geological unit interpreted to be age equivalent of the Chesney and Great Cobar Slate Formations found in the immediate Cobar region.

Drill-holes 4MRC004/5/7 ended in anomalous arsenic- and/or silver-lead-zinc-arsenic geochemistry while drill-hole 4MRC006 (240m) is interpreted as having possibly been terminated too early. Down-hole EM modelling indicates possible extensions to the mineralisation encountered to date further below and along strike from 4MRC007. Follow-up diamond drilling utilising 4MRC006 as a pre-collar is planned to commence shortly.

Peel's Managing Director, Mr Rob Tyson, said the Company was very encouraged by the discovery of Cobar-style copper-polymetallic mineralisation at 4-mile at such an early stage of exploration.

"We obviously had high hopes for the prospectivity of this area following the significant silver-lead-zinc mineralisation which we intersected in drilling in May this year, however we are clearly very excited to have encountered these grades and widths of Cobar-style mineralisation in the heart of one of the world's great mining provinces.

"Follow-up drilling at 4-mile will now be a priority for us over the coming weeks and months," Mr Tyson said.

The 4-Mile prospect is located less than 10 kilometres east of Peel's 100%-owned May Day gold-silver-lead-zinc deposit (ML1361), where drilling last year by Peel confirmed the down-dip continuation of mineralisation to more than 200m below surface.

Further Background on Peel's 4-Mile discovery

In March/April 2011, Peel completed three RC drillholes targeting a newly-recognised coincident EM and magnetic geophysical anomaly located within the historic 4-Mile goldfield.

This drilling resulted in the discovery of significant silver-lead-zinc mineralisation with better assays including: 4MRC001 – 5m @ 21 g/t Ag, 0.15 g/t Au, 0.27 % Cu, 0.87% Pb, 1.88% Zn from 194m; 4MRC002 – 5m @ 11 g/t Ag 0.15 g/t Au, 1.28% Pb, 2.1% Zn from 138m; and 4MRC003 – 10m @ 24 g/t Ag, 0.09 g/t Au, 1.17% Pb, 2.2% Zn from 110m.

The new drilling was designed to follow up these results.

For further information, please contact Rob Tyson on 0420 234 020.

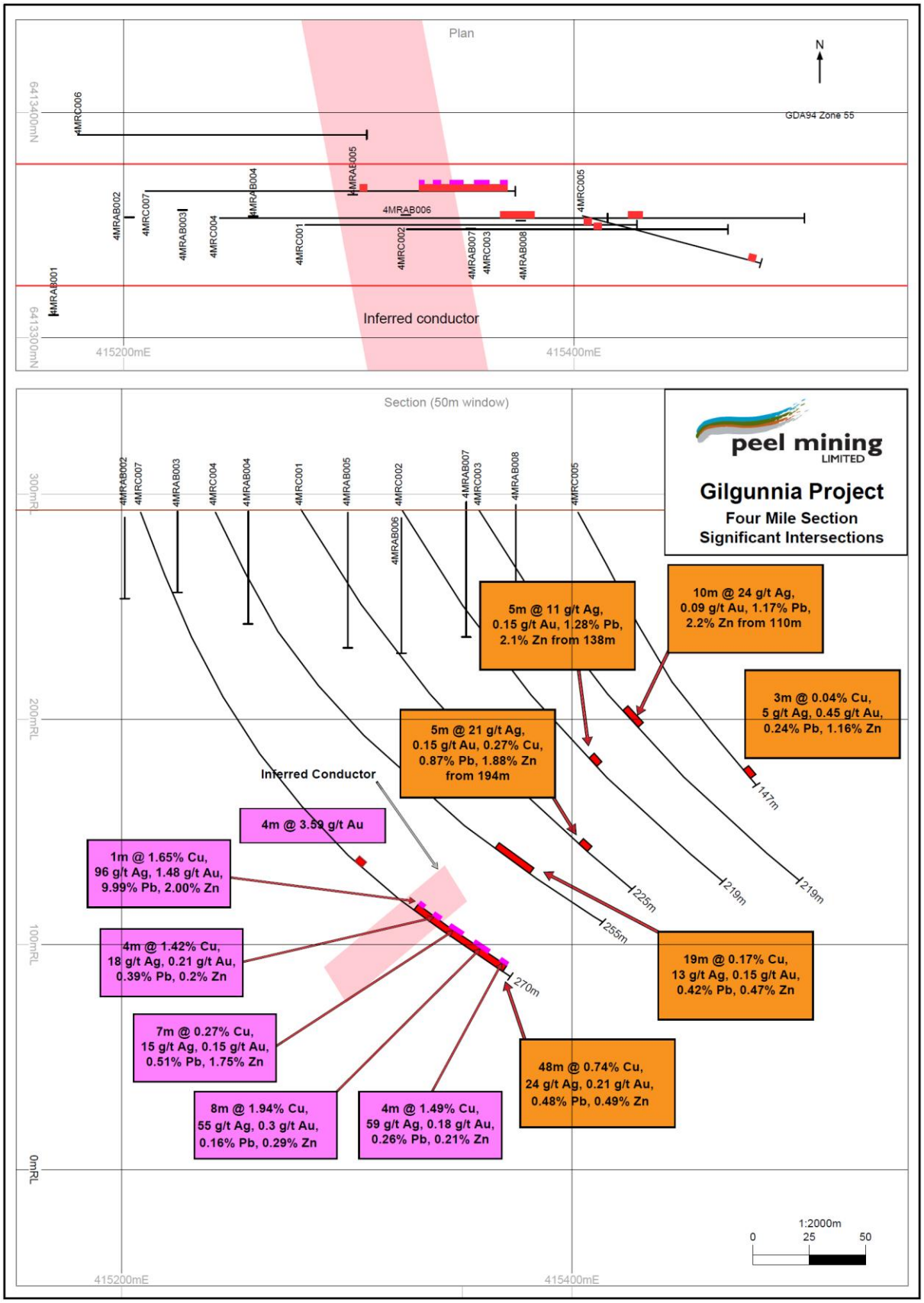
The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Tyson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Tyson has sufficient experience which is relevant to the style of mineralisation and type of deposit under 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.

Table 1 – Significant Drill Assay Results

Hole ID	Northing	Easting	Azimuth (true)	Dip	Final Depth	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
4MRC004	6413353	415243	090	-65	255	197	216	19	0.17	13	0.15	0.42	0.47
4MRC005	6413348	415404	105	-60	147	138	143	3	0.04	5	0.45	0.24	1.16
4MRC006	6413377	415179	090	-70	240	-	-	-	-	-	-	-	-
4MRC007	6413365	415210	090	-70	270	184	188	4*	-	-	3.59	-	-
						218	266	48	0.74	24	0.21	0.48	0.49
incl.						219	220	1	1.65	90	1.48	9.99	2.00
and						226	230	4	1.42	18	0.21	0.39	0.20
and						235	242	7	0.27	15	0.15	0.51	1.75
and						248	256	8	1.94	55	0.3	0.16	0.29
and						262	266	4	1.49	59	0.18	0.26	0.21

Appendix 1

1. * denotes 4m composite sample
2. All drillholes were drilled reverse circulation using face sampling hammer.
3. Drill chips were collected in plastic bags at 1m intervals. Sample recoveries were considered adequate for all samples.
4. Drillchips were logged in detail based on lithology, mineralisation, and alteration.
5. Samples for analysis were collected by hand spearing rock chip material except for 4MRC007 where the interval 216m-270m was gained via a 1:8 riffle splitter.
6. Samples were submitted as 1m or 4m composite intervals.
7. 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; Cu-OG62 for >1% Cu; Pb-OG62 for >1% Pb; and Zn-OG62 for >1% Zn.
8. Standards for Au and base metals were routinely included (approximately 3% of all samples). Duplicates were also included (approximately 3% of all samples).
9. Drillhole collars were surveyed by handheld GPS (Garmin GPS72).
10. Downhole surveys were routinely run at approximately every 30m downhole and at the end of each hole.



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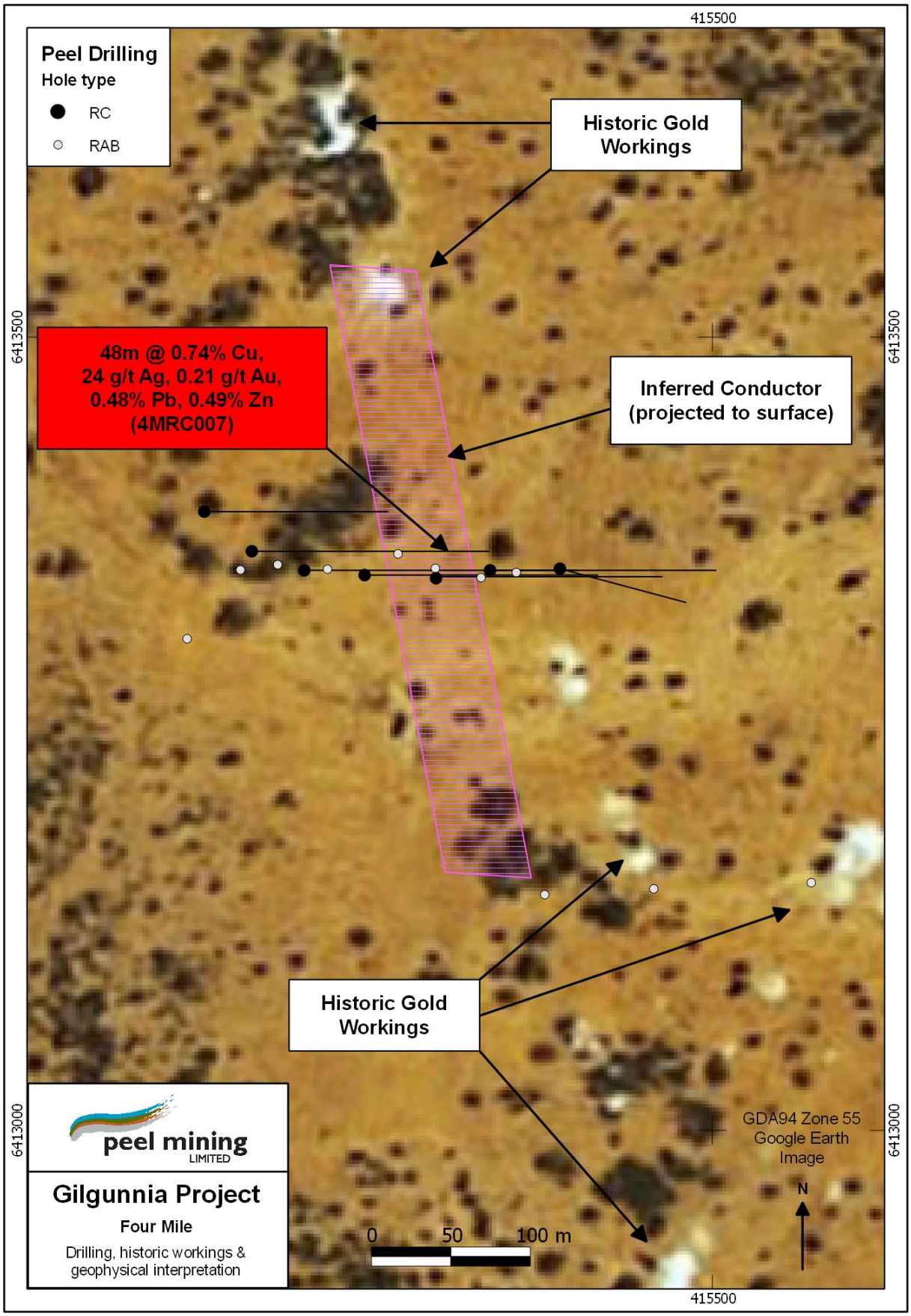

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