ASX / MEDIA RELEASE 26 AUGUST 2011

EXCEPTIONAL DRILL RESULTS AT 4-MILE COBAR-STYLE DISCOVERY

Additional high-grade polymetallic mineralisation intersected at 4-Mile prospect

Highlights:

- **New wide zone of copper-silver-gold-lead-zinc mineralisation intersected in follow-up diamond drilling at the 4-Mile prospect (May Day Project, 100km south of Cobar, NSW).**
- **~60m wide variably mineralised alteration/shear zone intersected from ~250m down-hole, containing multiple massive sulphide and stringer mineralised zones.**
- **Better assays from hole 4MRCDD006 include:**
    - ***10m @ 0.14% Cu, 41 g/t Ag, 0.77 g/t Au. 9.01% Pb, 11.00% Zn from 252m;***
    - ***6.65m @ 3.10% Cu, 34 g/t Ag, 0.93 g/t Au, 0.65% Pb, 0.13% Zn from 267.35m;***
    - ***9.3m @ 1.20% Cu, 19 g/t Ag, 0.14 g/t Au, 0.28% Pb, 0.17% Zn from 293.7m; and***
    - ***5m @ 0.15% Cu, 30 g/t Ag, 0.15 g/t Au, 1.21% Pb, 2.76% Zn from 306m.***
- **Downhole EM and follow-up drilling to commence next week.**

Perth-based explorer Peel Mining Limited (ASX: PEX) is pleased to report that follow-up diamond drilling at the **4-Mile Prospect**, part of its 100%-owned May Day-Gilgunnia Project located about 100km south of Cobar in NSW, has intersected further **high-grade Cobar-style polymetallic mineralisation**.

The 4-Mile prospect comprises a recently identified geophysical electro-magnetic (EM) conductor and coincident magnetic geophysical anomaly, located within the historic 4-Mile goldfield. The latest drilling, which consisted of a diamond tail drillhole (utilising 4MRC006 as a pre-collar), was designed to follow-up significant mineralisation returned from 4MRC007 reported earlier this month.

Drillhole 4MRCDD006 intersected a broad (~60m) alteration/shear zone from about 250m down-hole containing multiple intervals of massive sulphide and stringer mineralisation, including chalcopyrite, sphalerite and galena. Other accessory sulphide minerals observed include pyrrhotite, pyrite, and arsenopyrite.

Within this intersection were individual higher grade intercepts, including:

- ***10m @ 0.14% Cu, 41 g/t Ag, 0.77 g/t Au. 9.01% Pb, 11.00% Zn from 252m;***
- ***6.65m @ 3.10% Cu, 34 g/t Ag, 0.93 g/t Au, 0.65% Pb, 0.13% Zn from 267.35m;***
- ***9.3m @ 1.20% Cu, 19 g/t Ag, 0.14 g/t Au, 0.28% Pb, 0.17% Zn from 293.7m; and***
- ***5m @ 0.15% Cu, 30 g/t Ag, 0.15 g/t Au, 1.21% Pb, 2.76% Zn from 306m.***

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@peelex.com.au

www.peelex.com.au

The mineralisation occurs within a package of sheared and brecciated sediments comprising siltstones and mudstones and is interpreted as occurring as a shoot-like structure dipping moderately to the south-west and plunging to south-east. Drill intercepts are construed as being close to true.

4-Mile is interpreted to be 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.

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

"This result clearly shows the potential of the 4-Mile discovery to host very-high grade base and precious metal mineralisation similar to that found at other major deposits located in the Cobar district. It is tremendously exciting given the very early stage of exploration.

"Additional exploration at 4-Mile is already underway and follow-up drilling will be a priority for us in the near-term," Mr Tyson said.

Further Background on Peel's 4-Mile discovery

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

Initial drilling resulted in the discovery of significant silver-lead-zinc mineralisation. Follow-up drilling completed in July/August 2011 has confirmed the discovery of Cobar-style copper-silver-gold-lead-zinc mineralisation.

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.

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 (%)
4MRCDD006	6413377	415179	090	-70	345.1	253.00	312.00	59.00	0.64	19	0.31	1.78	2.16
including						253.00	263.00	10.00	0.14	41	0.77	9.01	11.00
and						267.35	274.00	6.65	3.10	34	0.93	0.65	0.13
and						293.70	303.00	9.30	1.20	19	0.14	0.28	0.17
and						306.00	311.00	5.00	0.15	30	0.15	1.21	2.76

Appendix 1

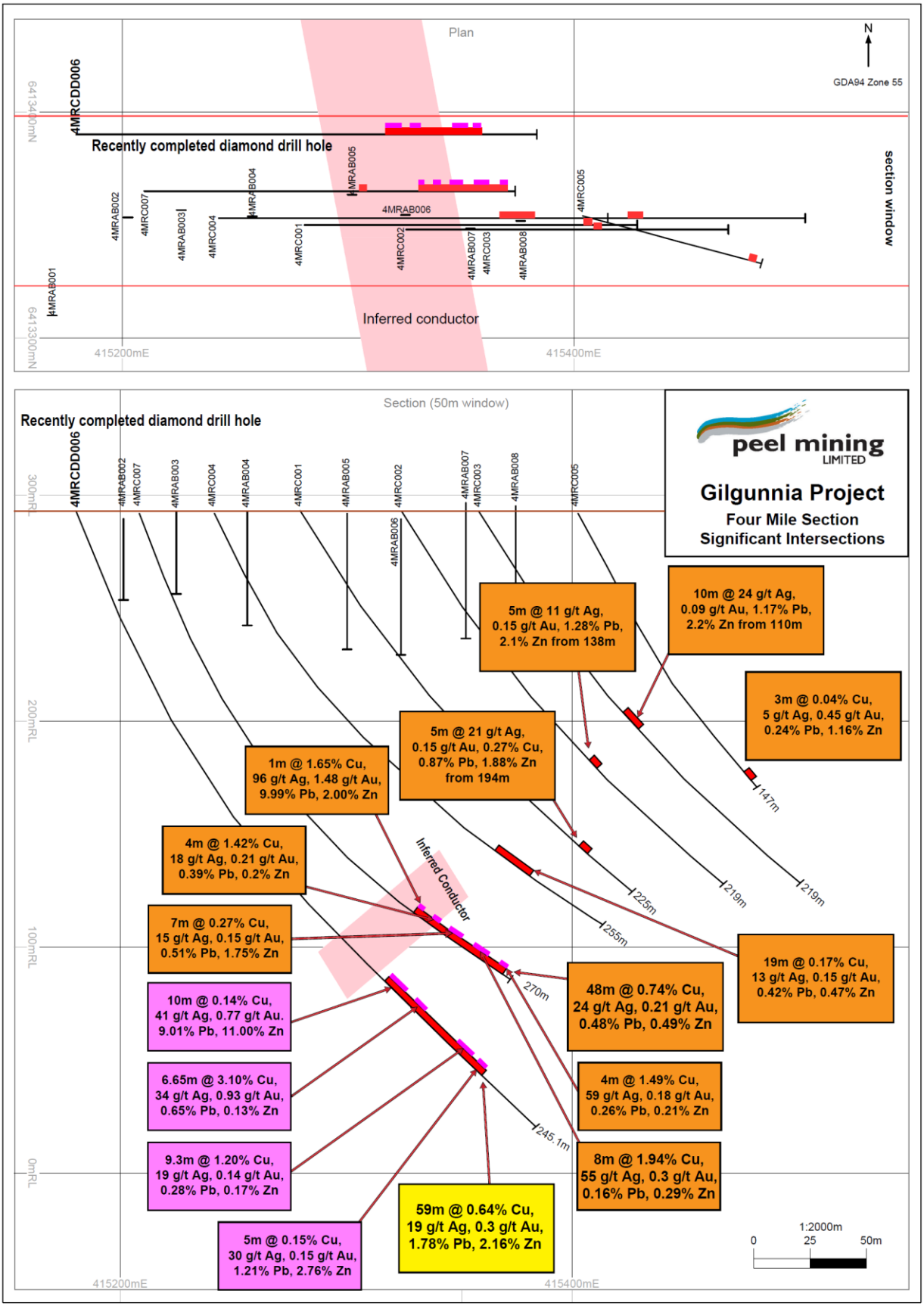
1. Drilling was completed as NQ diamond core.
2. Sample recoveries were considered adequate for all samples.
3. Drillcore were logged in detail based on lithology, mineralisation, and alteration.
4. Samples for analysis were collected by sawing core in half.
5. Samples were submitted as 1m half-core intervals unless a geological contact was used.
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; Cu-OG62 for >1% Cu; Pb-OG62 for >1% Pb; and Zn-OG62 for >1% Zn.
7. Drillhole collars were surveyed by handheld GPS (Garmin GPS72).
8. Downhole surveys were run at 102m and 204m and remain to be completed for the entire drillhole.

Figure 1 – 4-Mile chalcopyrite-rich semi-massive/stringer sulphide mineralisation

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@peelex.com.au

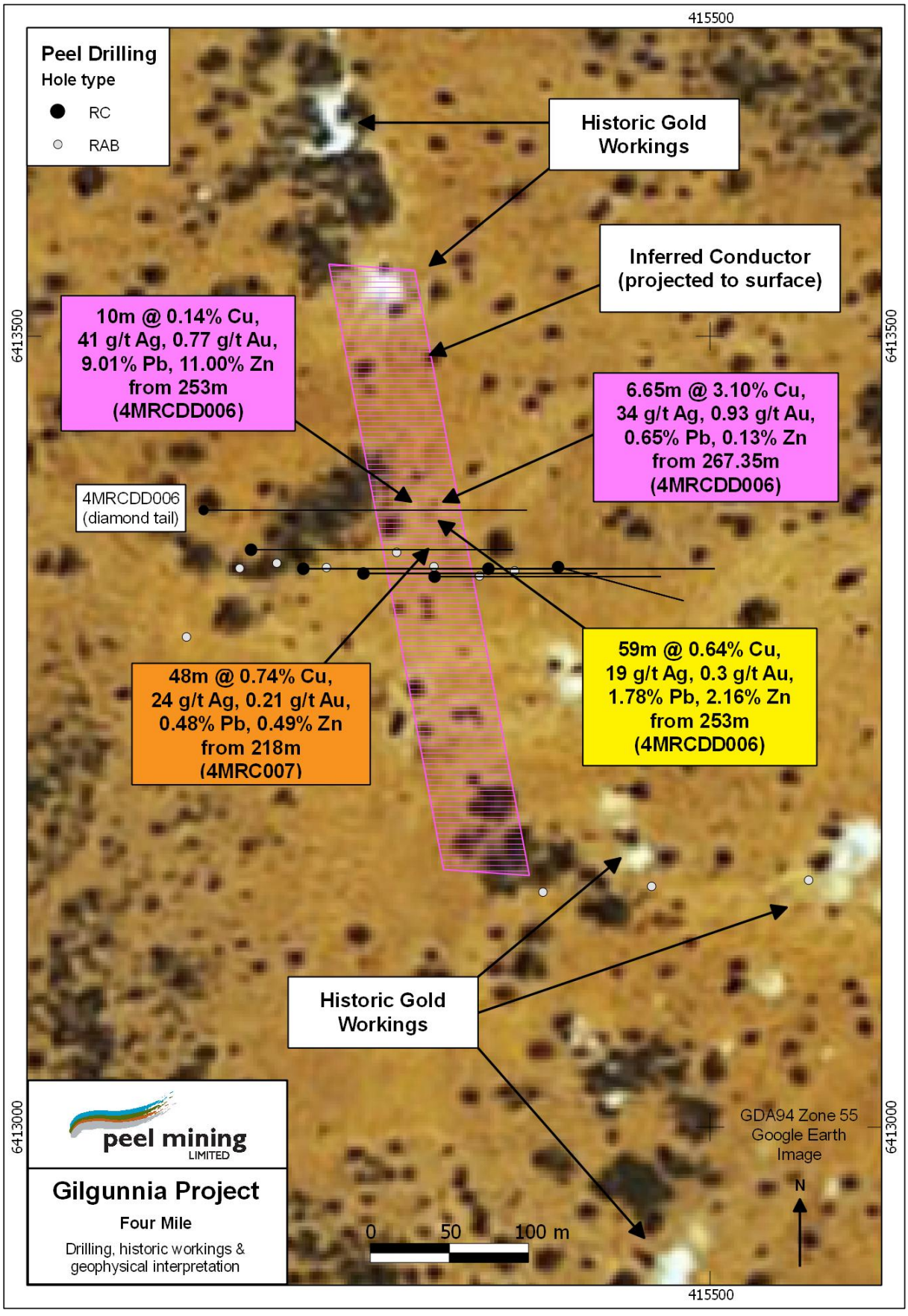
www.peelex.com.au



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@peelex.com.au

www.peelex.com.au



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@peelex.com.au

www.peelex.com.au