

FOLLOW-UP DRILLING CONFIRMS COBAR-STYLE DISCOVERY

New high-grade polymetallic mineralisation at Mallee Bull prospect (previously known as 4-Mile) confirms exciting new Cobar-style discovery

Highlights:

- **5,000m follow-up RC/diamond drilling at the Mallee Bull prospect commenced late November 2011 (May Day Project, 100km south of Cobar, NSW).**
- **Initial assays return high-grade copper-dominant polymetallic mineralisation from multiple drillholes; further assays pending.**
- **Better assays include:**
 - **4MRC015 - 6m @ 2.00% Cu, 64 g/t Ag, 0.43 g/t Au, 0.52% Pb, 0.22 % Zn, 0.02% Co from 208m;**
 - **4MRC016 - 11m @ 2.71% Cu, 36 g/t Ag, 0.26 g/t Au, 0.11% Pb, 0.07% Zn, 0.03% Co from 233m; and**
 - **4MRC019 - 10m @ 2.66% Cu, 41 g/t Ag, 0.51 g/t Au, 0.42% Pb, 0.22% Zn, 0.03% Co from 237m.**
- **Strike of mineralisation extended to at least 120m and open in multiple directions.**
- **Drilling recommencing this week following Christmas/New Year shutdown.**

Perth-based explorer Peel Mining Limited (ASX: PEX) is pleased to report that follow-up RC/diamond drilling at the **Mallee Bull prospect** (previously known as 4-Mile), 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**.

Peel's Managing Director, Mr Rob Tyson, said the Company was highly encouraged and increasingly confident in the discovery following confirmation of Cobar-style polymetallic mineralisation at Mallee Bull.

"These results confirm that the Mallee Bull prospect is host to high-grade copper-dominant polymetallic mineralisation similar to that found at other major deposits located in the Cobar district. Given the early stage of exploration, Mallee Bull represents a possible game-changer for Peel," Mr Tyson said.

The Mallee Bull prospect, which was initially identified in early 2011 as a coincident electro-magnetic and magnetic geophysical anomaly, is located within the historic 4-Mile goldfield. Multiple phases of exploratory drilling culminated in the discovery of high-grade Cobar-style mineralisation in August 2011.

In late November 2011, Peel commenced a follow-up 5,000m RC/diamond drilling programme designed to test along strike and down dip of previously intersected mineralisation. Drilling is being carried out on an approximate 40m by 40m grid pattern and comprises a series of RC and RC pre-collar/diamond tail drillholes.



Multiple drillholes completed to date have intersected zones of polymetallic mineralisation comprising intervals of massive sulphide and/or stringer mineralisation, including visible chalcopyrite, sphalerite and galena with accessory sulphide minerals including pyrrhotite, pyrite, and arsenopyrite.

Drilling to date indicates that high-grade copper-dominant polymetallic mineralisation at Mallee Bull has a strike length of at least 120m, comes to within at least 160m of surface and is open in multiple directions including, importantly, at depth. Peel notes that the majority of planned deeper drillholes remain incomplete, and that Cobar-style deposits are typically short in strike length but long in the vertical plane.

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

The Mallee Bull prospect 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.

Further drilling at Mallee Bull is set to commence later this week and Peel looks forward to releasing additional results when available.

Further Background on Peel’s Mallee Bull discovery

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 confirmed the discovery of Cobar-style copper-silver-gold-lead-zinc-cobalt mineralisation with better intercepts including: 4MRCDD06 – 10m @ 0.14% Cu, 41 g/t Ag, 0.77 g/t Au, 9.01% Pb, 11.00% Zn from 253m and 6.65m @ 3.1% Cu, 34 g/t Ag, 0.93 g/t Au, 0.65% Pb, 0.13% Zn; and 4MRC007 – 8m @ 1.94% Cu, 55 g/t Ag, 0.3 g/t Au, 0.16% Pb, 0.29% Zn and 4m @ 1.49% Cu, 59 g/t Ag, 0.18 g/t Au, 0.26% Pb, 0.21% Zn.

The Mallee Bull prospect is located less than 10 kilometres east of Peel’s 100%-owned May Day gold-silver-lead-zinc deposit (ML1361), where drilling in 2010 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.

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Table 1 – 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)	Pb (%)	Zn (%)	Co (ppm)	Comment
4MRCDD008	6413390	415170	090	-72	399.7										Assays awaited
4MRCDD009	6413350	415160	090	-70	-										Drilling awaited
4MRCDD010	6413310	415160	090	-70	-										Drilling underway
4MRCDD011	6413270	415160	090	-70	-										Drilling awaited
4MRC012	6413270	415200	090	-70	274	225	230	5	0.26	7	0.05	0.36	0.55	-	
and						233	234	1	0.5	5	0.08	-	-	-	
4MRC013	6413270	415280	090	-70	229										NSA
4MRC014	6413310	415280	090	-70	230	164	180	16	0.47	14	0.21	0.22	0.22	-	
and						214	215	1	-	-	3.05	-	-	-	
4MRC015	6413310	415240	090	-70	270	200	203	3	0.10	9	0.13	0.41	0.51	-	
and						208	214	6	2.01	64	0.43	0.52	0.22	201	
4MRC016	6413310	415200	090	-70	259	232	255	23	1.46	25	0.18	0.22	0.16	181	
including						233	244	11	2.71	36	0.26	0.11	-	274	
4MRCDD017	6413350	415188	090	-70	390.9										Assays awaited
4MRC018	6413430	415260	090	-70	244	180	184	4	0.24	10	0.13	0.25	0.32	-	
and						207	208	1	0.13	20	0.15	0.63	1.02	-	
and						210	211	1	1.43	33	0.52	0.44	0.93	-	
4MRC019	6413430	415220	090	-70	256	214	247	33	1.18	25	0.62	0.27	0.20	381	
including						215	232	17	0.68	21	0.87	0.19	0.22	562	
and						237	247	10	2.66	41	0.51	0.42	0.22	253	
4MRC020	6413470	415260	090	-70	250										Assays awaited
4MRC021	6413470	415220	090	-70	270										Assays awaited
4MRCDD022	6413470	415180	090	-70	-										Drilling awaited
4MRCDD023	6413430	415180	090	-70	-										Drilling awaited
4MRC024	6413390	415280	090	-70	238										Assays awaited
4MRCDD025	6413390	415215	090	-70	-										Drilling underway

Appendix 1

1. Drilling was completed using a RC face sampling hammer or HQ/NQ diamond core .
2. Sample recoveries were considered adequate for all samples.
3. Drillcore has been, or is still to be, logged in detail based on lithology, mineralisation, and alteration.
4. Samples for analysis were collected by cone splitter sampling, hand spearing or by sawing core in half.
5. Samples were submitted as 4m composite chip samples, 1m chip samples or 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 DGPS.
8. Downhole gyroscopic surveys are being run continuously.

Figure 1 – Cross Section 6413310N

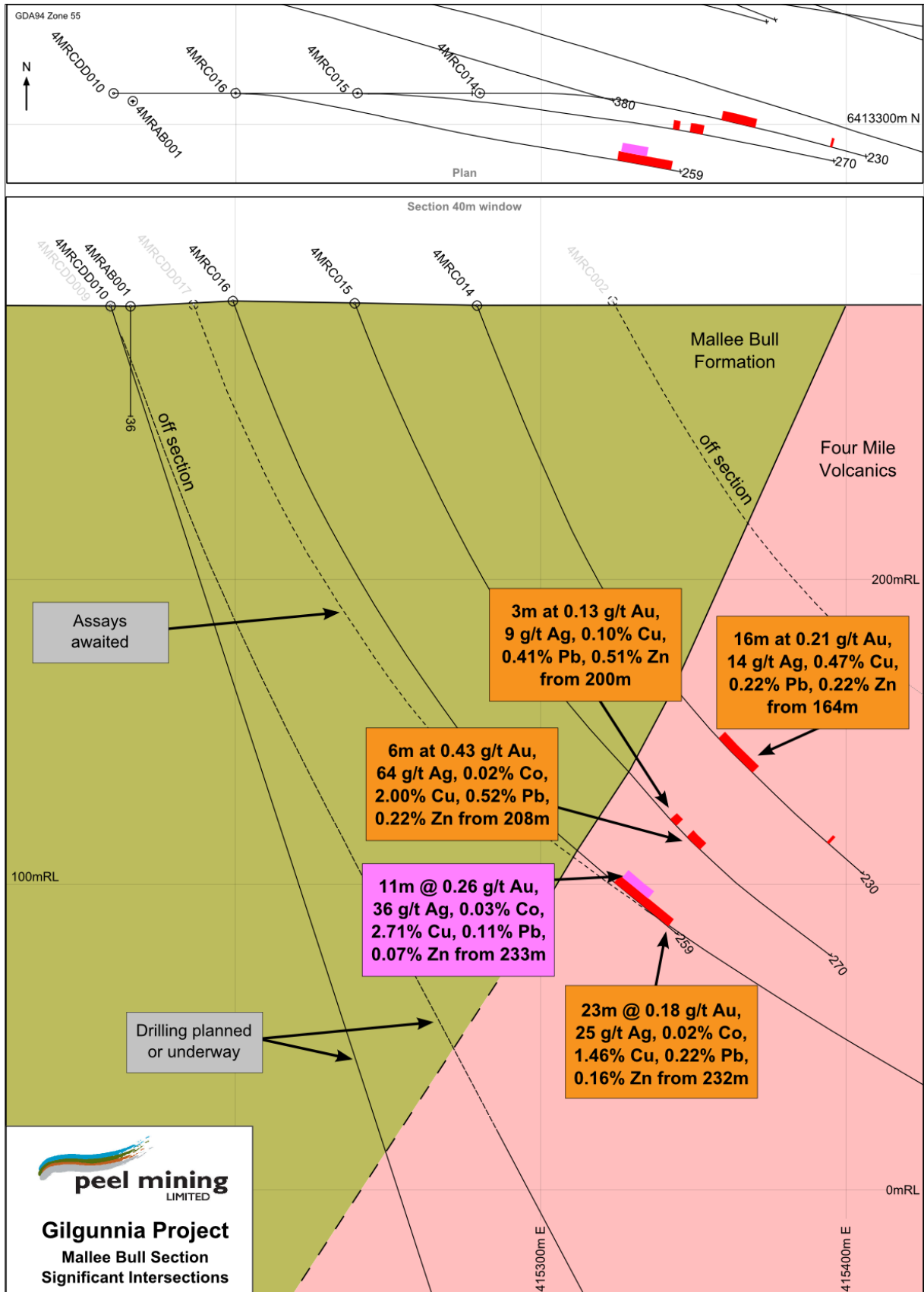


Figure 2 – Drill location and geology plan

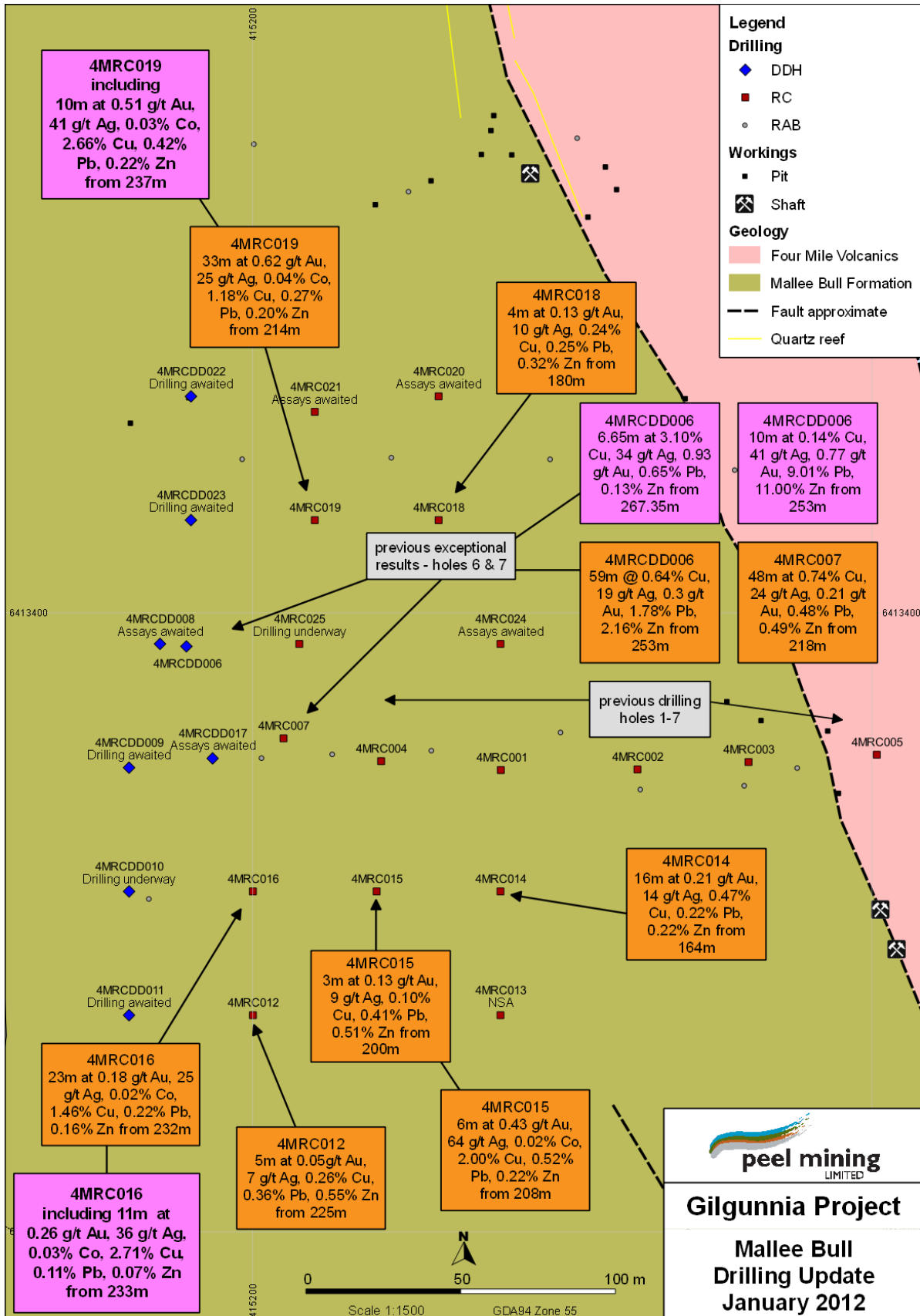


Figure 3 – Drillcore from latest Mallee Bull drilling



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