

MALLEE BULL RETURNS MORE HIGH-GRADE COPPER

New high-grade copper mineralisation intersected at the Mallee Bull Greenfield discovery; shallowest and deepest intercepts to date

Highlights:

- Latest assays return further high-grade copper-dominant polymetallic mineralisation from several drillholes; further assays pending.
- Better assays include:
 - 4MRC024 - 10m @ 2.89% CuEq* (2.22% Cu, 33 g/t Ag, 0.44g/t Au) from 174m; and
 - 4MRCDD008 - 4m @ 2.97% CuEq* (1.98% Cu, 45 g/t Ag, 0.72 g/t Au) from 358m
- High-grade copper dominant mineralisation now intercepted as shallow as ~150m below surface, as deep as ~310m below surface, and open at depth.
- Strike of mineralisation at least 120m.

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 additional new **high-grade Cobar-style polymetallic mineralisation**.

The results continue to confirm that Mallee Bull is host to high-grade copper-dominant mineralisation, and importantly, that the mineralising system is open at depth. The results are in addition to those reported in mid-January where better assay results included: **4MRC015 – 6m @ 3.05% CuEq* (2.01% Cu, 64 g/t Ag, 0.43 g/t Au) from 208m; 4MRC016 – 11m @ 3.30% CuEq* (2.71% Cu, 36 g/t Ag, 0.26 g/t Au) from 233m; and 4MRC019 – 10m @ 3.47% CuEq* (2.66% Cu, 44 g/t Ag, 0.51 g/t Au) from 237m.**

Peel recently completed a follow-up RC/diamond drilling programme designed to test along strike and down dip of previously intersected mineralisation. Drilling was carried out on an approximate 40m by 40m grid pattern and comprises a series of RC and RC pre-collar/diamond tail drillholes. Assay data for many drillholes remain outstanding although 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 ~150m of surface, extends to at least ~310m below surface and is open in multiple directions including at depth. Peel notes that the majority of assays for deeper drillholes remain outstanding, 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. 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.

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 @ 20% Pb/Zn, 41 g/t Ag, 0.77 g/t Au from 253m and 6.65m @ 4.09% CuEq* (3.1% Cu, 34 g/t Ag, 0.93 g/t Au) from 267.35m; and 4MRC007 – 10m @ 2.41% CuEq* (1.70% Cu, 46 g/t Ag, 0.27 g/t Au) from 248m and 4m @ 2.31% CuEq* (1.49% Cu, 59 g/t Ag, 0.18 g/t Au) from 262m.**

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.

Information regarding drilling/assaying data

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.

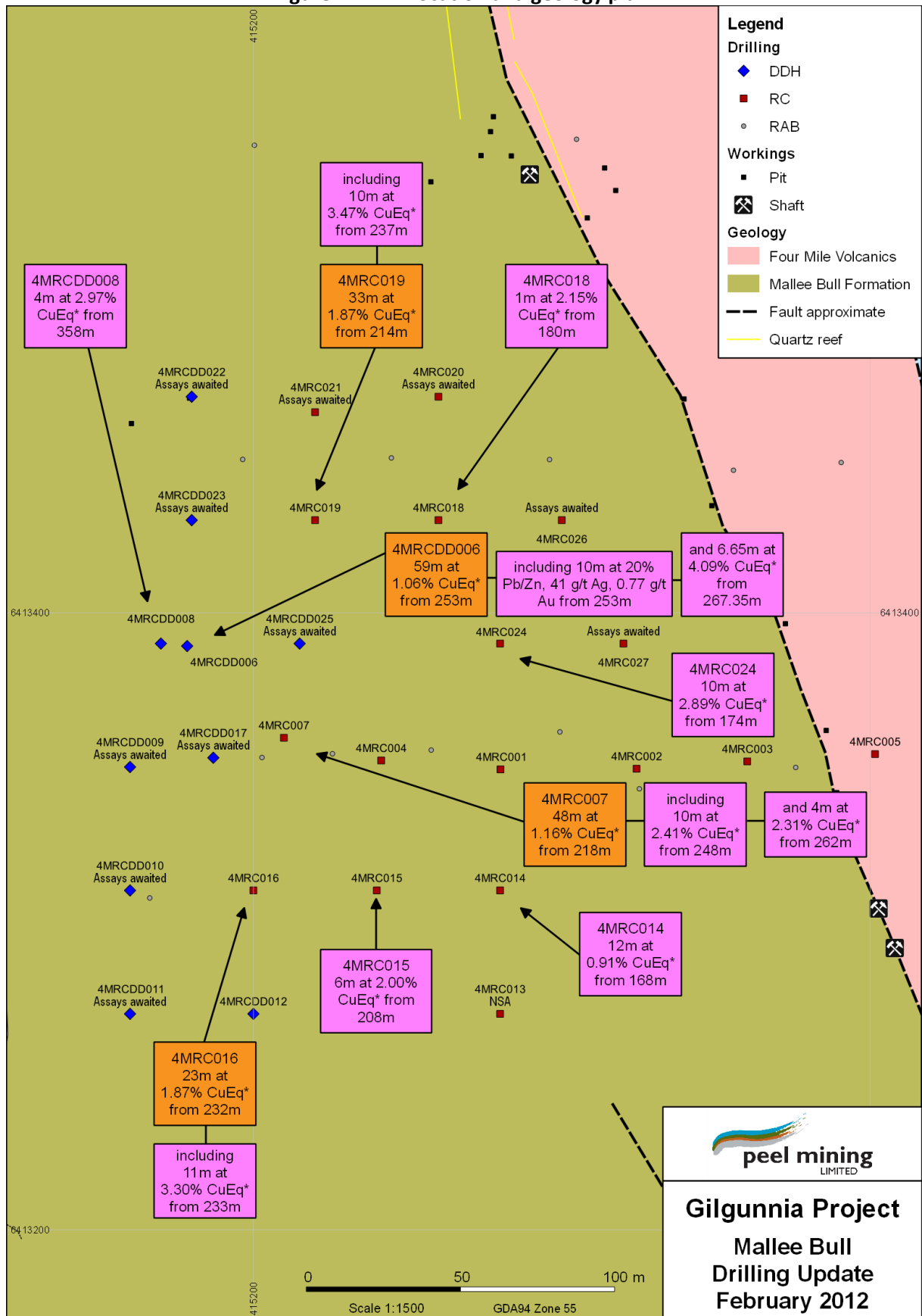
* Copper Equivalent Calculation Explanation:

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% + Ag(ppm)x0.012 + Au(ppm)x0.625; Price Assumptions- Cu (US\$8,000/t), Ag (US\$30/oz), Au (US\$1,500/oz). N.A. means CuEq calculation not applicable.

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 (%)	CuEq* %	Comment
4MRCDD008	6413390	415170	090	-72	399.7	295	298	3	0.03	16	1.39	0.21	0.11	0.0115	N.A.	
						299	300	1	0.17	36	0.35	0.84	0.11	0.0126	N.A.	
						301	303	2	0.43	14	0.21	0.5	0.93	0.0029	0.73	
						311	313	2	0.34	9	0.17	0.14	0.04	0.0053	0.55	
						317	318	2	0.76	21	0.17	0.05	0.14	0.005	1.12	
						320	321	1	0.62	12	0.32	0.21	0.1	0.0035	0.96	
						322	323	1	0.33	8	0.23	0.12	0.03	0.0027	0.57	
						341	342	1	0.23	47	0.02	1.31	0.4	0.0024	N.A.	
						355	357	2	0.56	11	0.1	0.01	0.03	0.0022	0.75	
						358	362	4	1.98	45	0.72	0.28	0.04	0.0043	2.97	
						366	367	1	0.5	31	0.14	0.48	0.02	0.0041	0.96	
						368	373	5	0.73	8	0.07	0.11	0.05	0.004	0.87	
4MRCDD009	6413350	415160	090	-70	388											Assays awaited
4MRCDD010	6413310	415160	090	-70	372.6											Assays awaited
4MRCDD011	6413270	415160	090	-70	331											Assays awaited
4MRC012	6413270	415200	090	-70	274	225	230	5	0.26	7	0.05	0.36	0.55	0.0076	0.38	
and						233	234	1	0.5	5	0.08	0.04	0.04	0.01	0.61	
4MRC013	6413270	415280	090	-70	229	-	-	-	-	-	-	-	-	-	-	N.S.A.
4MRC014	6413310	415280	090	-70	230	164	180	16	0.47	14	0.21	0.22	0.22	0.0085	0.77	
and						214	215	1	-	-	3.05	-	-	-	N.A.	
4MRC015	6413310	415240	090	-70	270	200	203	3	0.10	9	0.13	0.41	0.51	0.0025	0.29	
and						208	214	6	2.01	64	0.43	0.52	0.22	0.0201	3.05	
4MRC016	6413310	415200	090	-70	259	232	255	23	1.46	25	0.18	0.22	0.16	0.0181	1.87	
including						233	244	11	2.71	36	0.26	0.11	0.07	0.0274	3.30	
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	0.0078	0.44	
and						207	208	1	0.13	20	0.15	0.63	1.02	0.0061	0.46	
and						210	211	1	1.43	33	0.52	0.44	0.93	0.0160	2.15	
4MRC019	6413430	415220	090	-70	256	214	247	33	1.18	25	0.62	0.27	0.20	0.0381	1.87	
including						215	232	17	0.68	21	0.87	0.19	0.22	0.0562	1.48	
and						237	247	10	2.66	41	0.51	0.42	0.22	0.0253	3.47	
						254	256	2	-	-	0.67	-	-	-	N.A.	
4MRC020	6413470	415260	090	-70	250											Assays awaited
4MRC021	6413470	415220	090	-70	270											Assays awaited
4MRCDD022	6413470	415180	090	-70	300.9											Assays awaited
4MRCDD023	6413430	415180	090	-70	301											Assays awaited
4MRC024	6413390	415280	090	-70	238	165	171	6	0.26	11	0.4	0.11	0.16	0.0162	0.64	
						174	184	10	2.22	33	0.44	0.11	0.16	0.0281	2.89	
						189	190	1	0.78	5	0.1	0.03	0.09	0.0049	0.90	
						216	218	2	0.61	38	0.21	0.07	0.07	0.0103	1.20	
						222	226	4	0.36	18	0.1	0.06	0.05	0.0065	0.64	
						228	231	3	0.58	24	0.1	0.63	0.94	0.0104	0.93	
4MRCDD025	6413390	415215	090	-70	351.53											Assays awaited
4MRC026	6413430	415300	090	-70	250											Assays awaited
4MRC027	6413390	415320	090	-70	208											Assays awaited
BDRCDD001	6411550	415750	0	-90	-											Drilling underway

Figure 1 – Drill location and geology plan



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