peel mining LIMITED

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Mallee Bull returns 84m @ 4.42% copper

Highlights:

- **Drillhole MBDD009W2W1**
  - **84m @ 4.42% Cu, 38 g/t Ag, 0.14 g/t Au (5.00% Cu Eq*) from 575m including a very high grade zone of:**
    - **26m @ 11.39% Cu, 80 g/t Ag, 0.20 g/t Au (12.54% Cu Eq*) from 626m**
- **Drillhole MBDD010**
  - **32m @ 3.62% Cu, 46 g/t Ag, 0.21 g/t Au (4.35% Cu Eq*) from 634m including:**
    - **16m @ 5.66% Cu, 67 g/t Ag, 0.28 g/t Au (6.70% Cu Eq*) from 646m**
- **Mineralisation in MBDD009W2W1 is positioned ~60m down dip of mineralisation in MBDD009 (69m @ 3.48% Cu, 34 g/t Ag, 0.14 g/t Au [4.01% Cu Eq*] from 533m) and ~120m down dip of mineralisation in MBDD009W1 (53m @ 4.08% Cu, 42 g/t Ag, 0.22 g/t Au [4.77% Cu Eq*] from 470m) extending high grade mineralisation at deeper levels of Mallee Bull**
- **Mineralisation at Mallee Bull occurs as a shoot-like structure, commencing at ~150m below surface and continuing to at least 700m below surface, consistent with other major Cobar-style deposits**

Peel Mining Limited (ASX: PEX) is pleased to advise that drillhole MBDD009W2W1 has intercepted the highest grade mineralisation to date at Mallee Bull returning **84m @ 4.42% Cu, 38 g/t Ag, 0.14 g/t Au from 575m**. Drillhole MBDD009W2W1 was drilled as a new wedge drillhole from drillhole MBDD009W2 and was designed to test a strong DHEM conductor and the presumed down-dip position of strong mineralisation at Mallee Bull. Peel is also pleased to report that several other drillholes completed as part of Phase 3 exploration have returned strong mineralisation at deeper levels within the Mallee Bull mineralised system.

Peel is highly encouraged by these latest results which corroborates Peel's belief that mineralisation at Mallee Bull occurs as a shoot-like structure, commencing at ~150m below surface and continuing to at least 700m below surface. This style of mineralisation is consistent with other major Cobar-style deposits, including the CSA mine (Australia's highest grade copper mine) where shoot-like mineralisation has been defined to more than 2 km below surface. Total mined and current resource metal inventories at CSA mine exceed 1.5 Mt contained copper.

Peel Mining Limited ACN 119 343 734

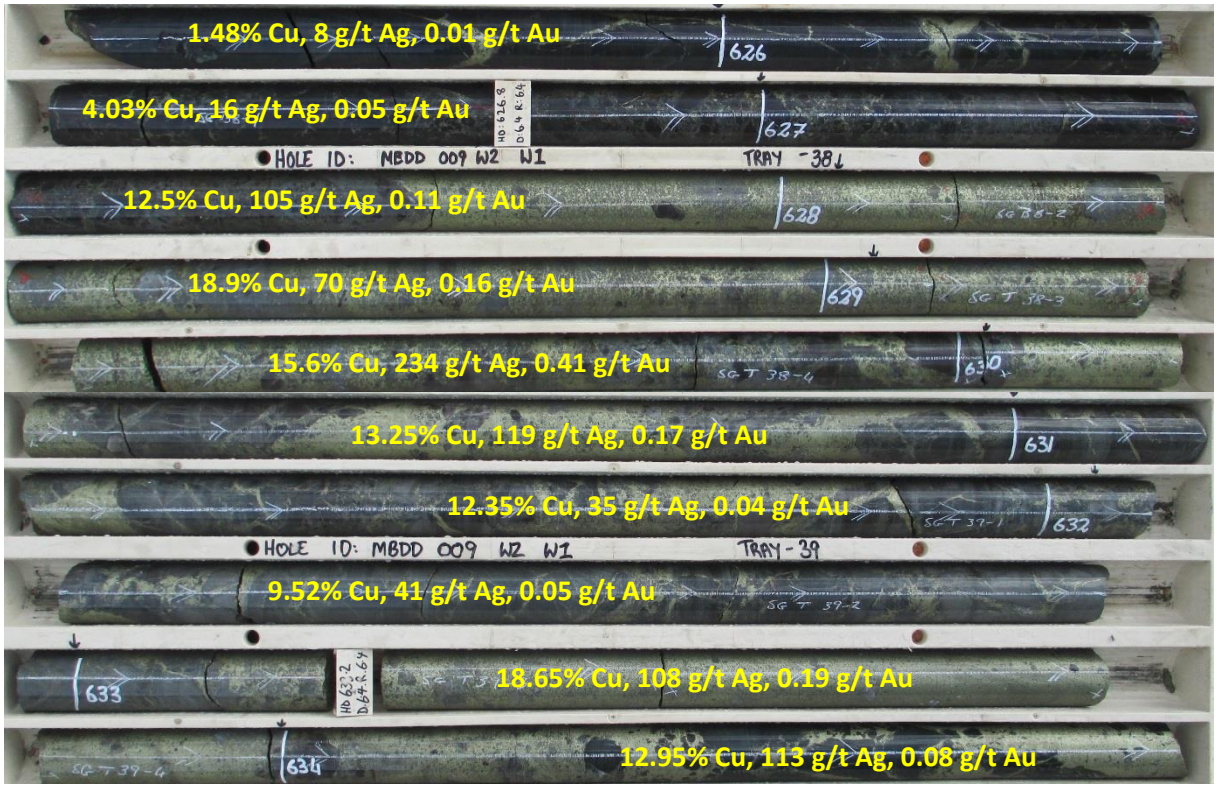
Unit 1, 34 Kings Park Rd, West Perth, WA 6005. Ph: (08) 9382 3955. Fax (08) 9388 1025.
E:rtyson@peelmining.com.au www.peelmining.com.au

Drillhole MBDD009W2W1 summary

MBDD009W2W1 intersected several zones of important mineralisation including: a zone of pyrite-pyrrhotite-rich massive sulphides returning 11m @ 0.55% Cu, 1.62 g/t Au, 24 g/t Ag and 124 g/t Co from 496m; a broad zone of variable stringer/breccia sulphide mineralisation returning **84m @ 4.42% Cu, 38 g/t Ag, 0.14 g/t Au 575m** including a zone of intense chalcopyrite-dominant mineralisation returning **26m @ 11.39% Cu, 80 g/t Ag, 0.20 g/t Au from 626m**; and a zone of quartz-healed breccia with lesser chalcopyrite-dominant sulphide mineralisation from 666m which included 6m @ 0.7% Cu, 15 g/t Ag, 0.13 g/t Au from 669m. The true width of these intercepts is estimated at about 35-40% of the downhole intercept.

The important intercept from ~575m is positioned ~60m down dip of mineralisation in MBDD009 (69m @ 3.48% Cu, 34 g/t Ag, 0.14 g/t Au [4.01% Cu Eq*] from 533m) and ~120m down dip of mineralisation in MBDD009W1 (53m @ 4.08% Cu, 42 g/t Ag, 0.22 g/t Au [4.77% Cu Eq*] from 470m) extending high grade mineralisation at deeper levels of Mallee Bull adding further to the potential for Mallee Bull to host a substantial volume of high grade material. Drillhole MBDD009W2W1 also represents the deepest significant intercept to date at Mallee Bull with mineralisation appearing to be increasing in tenor with depth. Importantly mineralisation remains open in multiple directions including down-dip.

Figure 1 – Higher Grade Copper Zone MBDD009W2W1



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Drillhole MBDD009W2 summary

Drillhole MBDD009W2 intersected several zones of mineralisation: a zone of semi-massive pyrite-pyrrhotite-dominant sulphide mineralisation that returned 3m @ 0.85 g/t Au, 18 g/t Ag and 257 g/t Co from 484m; a zone of massive pyrite-pyrrhotite-dominant sulphide mineralisation that returned **24m @ 0.39% Cu, 1.39 g/t Au, 33 g/t Ag, 310 g/t Co from 494m**; and a zone of variable pyrrhotite-chalcopyrite stringer/breccia mineralisation that returned **21m @ 2.22% Cu, 40 g/t Ag, 0.11 g/t Au from 706m**. The true width of the above mineralised zone is estimated at about 35-40% of the downhole width.

Whilst the intersection of stringer/breccia mineralisation occurred deeper than originally envisaged, Peel is encouraged as this intersection represents the deepest mineralised hit to date at more than 700m below surface. It should also be noted that drillhole MBDD009W2 intersected mineralisation at a more oblique angle than originally planned.

Drillhole MBDD010 and MBDD010W1 summary

Drillhole MBDD010 was designed to test for a potential northerly plunge to the geometry of the Mallee Bull mineralised system. Drillhole MBDD010 intersected variable pyrrhotite-chalcopyrite stringer/breccia mineralisation from ~622m containing a zone of stronger chalcopyrite-dominant breccia/stringer mineralisation that returned **32m @ 3.62% Cu, 46 g/t Ag, 0.21 g/t Au from 632m**. The true width of the above mineralised zones is estimated to be about 55% of the downhole width.

The intersection of stringer/breccia mineralisation in drillhole MBDD010 is positioned ~80m north and ~60m down dip of mineralisation in drillhole MBDD009 and confirms the continuation of strong copper mineralisation along strike and down-dip of drillhole MBDD009.

Drillhole MBDD010W1 was designed to test for a potentially shallower northerly plunge to the geometry of the Mallee Bull mineralised system. Drillhole MBDD010W1 intersected a structurally deformed and altered zone containing weak pyrrhotite-chalcopyrite stringer/breccia mineralisation from ~686m. A best result of 5m @ 1.12% Cu, 10 g/t Ag was returned from 709m. The true width of the above mineralised zones is estimated to be ~55% of the downhole width.

Results from drillhole MBDD010W1 indicate that mineralisation at Mallee Bull is westerly dipping and sub-vertical with minimal plunge.

Forward programme

Drillhole MBDD011 (currently underway) is being drilled from a footwall position and is primarily designed to test for the down-dip continuation of Mallee Bull mineralisation. DHEM will be used as required to guide deeper drilling.

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 highly anomalous silver-lead-zinc mineralisation. Follow-up drilling completed in July/August 2011 intersected massive and stringer/breccia sulphide mineralisation containing strong Cu-Ag-Au-Pb-Zn-Co values within a broad zone of deformation and alteration. Phase 1 follow-up exploration was completed in early 2012 with many significant results returned confirming Mallee Bull as an important greenfields discovery.

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, and the Rasp mine in Broken Hill. The company is 100%-owned by Tokyo Stock Exchange-listed Toho Zinc.

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 or NQ 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 or 4m composite half-core intervals.
6. Samples were analysed at ALS Chemex utilising methods: Au-AA25 for Au (fire assay); ME-ICP41, ME-ICP61 or ME MS61 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.
7. Drillhole collars were surveyed by DGPS (GDA94) and 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. No metallurgical testwork has been completed to date however it is the Company's opinion that all the elements included in the copper equivalent calculation have a reasonable potential to be recovered.

Copper equivalent conversion factors and long-term price assumptions used follow:

Massive Sulphide Zone 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;

Stringer/Breccia Sulphide Zone Copper Equivalent Formula (CuEq) = (Cu (ppm) x 0.0075 + Ag (ppm) x 0.96 + Au (ppm) x 50.00)/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.

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Table 1 – Phase 3 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)	Co (g/t)	CuEq (%)	Pb (%)	Zn (%)
MBDD009W1	6413369	415162	095	-87	567.8	470	523	53	4.08	42	0.22	-	4.77	0.30	0.05
including						472	484	12	9.13	86	0.34	-	10.46	0.54	0.05
MBDD009W2	6413369	415162	095	-87	852.7	484	487	3	0.08	18	0.85	257	N.A.	0.35	0.31
						494	518	24	0.39	33	1.39	310	1.83	0.32	0.22
						706	727	21	2.22	40	0.11	-	2.80	-	-
MBDD009W2W1	6413369	415162	095	-87	760.7	496	507	11	0.55	24	1.62	124	1.98	0.29	0.23
						575	659	84	4.42	38	0.14	-	5.00	0.1	-
including						626	652	26	11.39	80	0.20	-	12.54	0.11	-
						669	675	6	0.7	15	0.13	-	0.97	-	-
MBDD010	6413626	415115	151	-77	735.8	512	515	3	0.11	24	-	-	N.A.	2.21	5.42
						634	666	32	3.62	46	0.21	-	4.35	-	-
MBBDD010W1	6413626	415115	151	-77	736.3	709	714	5	1.12	10	-	-	1.25	-	-

- Green shading denotes previously released results.

Figure 1 – Drillhole Location Plan

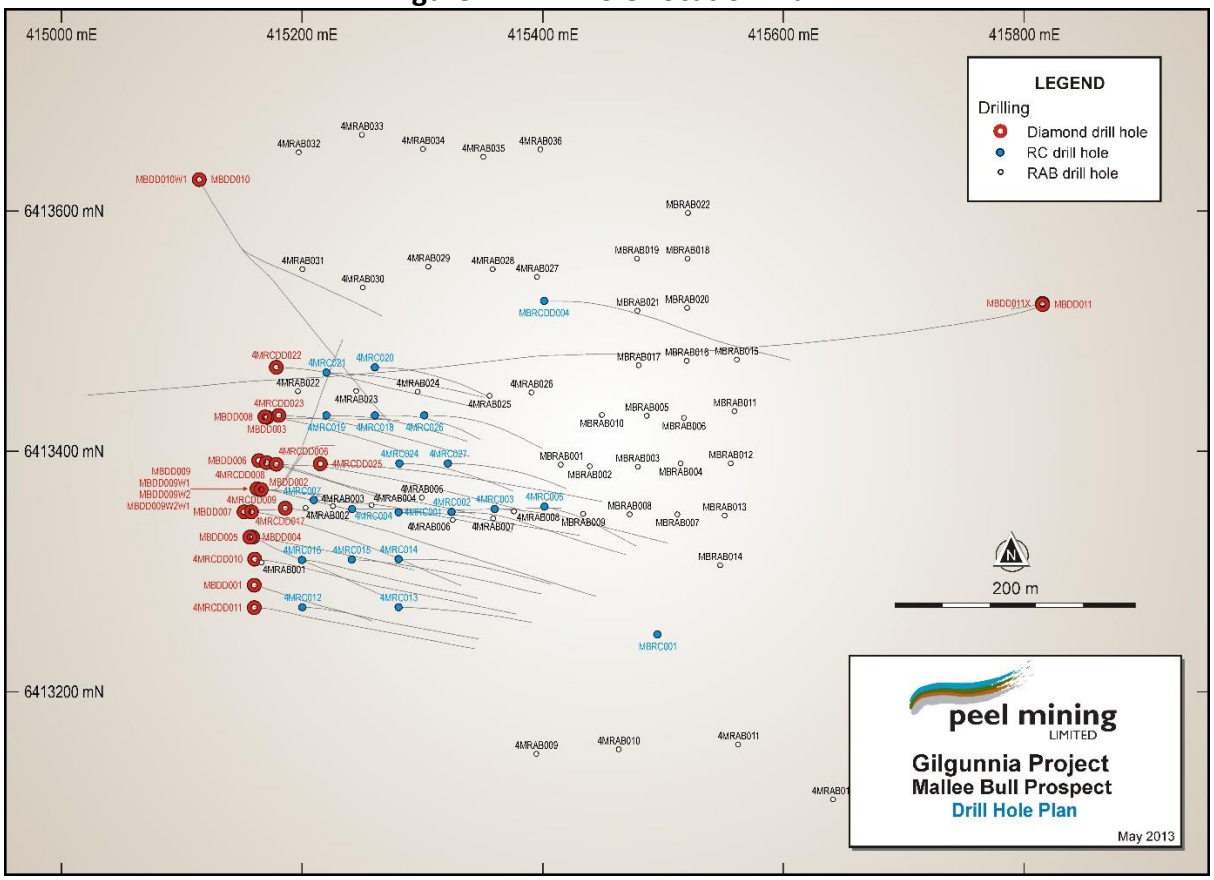

Figure 2 – Cross Section 6413390N